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IN THE SUPREME COURT OF INDIA  
EXTRAORDINARY ORIGINAL JURISDICTION  
WRIT PETITION (CIVIL) NO. 494 OF 2012

IN THE MATTER OF: -

Justice K.S. Puttaswamy (Retd.) & Anr. ...Petitioners

Versus

Union of India & Ors. ...Respondents

REJOINDER AFFIDAVIT TO  
COUNTER-AFFIDAVIT FILED  
ON BEHALF OF THE RESPONDENTS

**PAPER-BOOK**

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ADVOCATE FOR THE PETITIONERS: ANISH KUMAR GU

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REJOINDER AFFIDAVIT TO COUNTER-  
AFFIDAVIT FILED ON BEHALF OF THE  
RESPONDENTS

I, Parvesh Khanna, S/o Late Sh. L.N. Khanna, aged about 55 years, R/o Flat No. 19, 5<sup>th</sup> floor, Dakshineshwar, 10, Hailey Road, New Delhi-110 001, do hereby solemnly affirm and declare as under:-

1. That I am Petitioner No. 2 in the above mentioned writ petition which has been filed in the nature of a public interest litigation and am fully conversant with the facts and circumstances of the present case. As such, I am competent to swear and depose in the present rejoinder affidavit to the counter-affidavit filed on behalf of the respondents.
2. That I have read and understood the counter affidavit filed on behalf of the Respondents and reiterate all the facts, averments, pleas and grounds stated and urged in the above-mentioned writ petition and the present rejoinder affidavit is

being filed only to the extent it is necessary to controvert and deny the averments made in the counter-affidavit filed by the respondents.

3. That the contents of the counter affidavit filed on behalf of the respondents are baseless and misleading and are hereby controverted and denied, unless specifically admitted by the petitioners herein.

4. That the instant writ petition has been filed under Article 32 of the Constitution of India, *inter alia*, seeking a writ of *mandamus* restraining the Government of India from implementing the executive order dated 28.01.2009, Annexure P-1, notifying the Unique Identification Scheme. The primary grounds of challenge already highlighted in the writ petition are:-

a) that the impugned notification/executive order dated 28.1.2009 under which the Unique Identification Scheme is functioning, is arbitrary and *ultra vires* the executive power of the Union of India under Article 73 of the Constitution of India, due to the prior occupation of the field by virtue of the Citizenship Act, 1955 and the Foreigners Act, 1946 and the rules framed under these statutes;

b) that the National Identification Authority of India Bill, 2010, Annexure P-2, having been introduced in the Parliament and upon reference to the Standing Committee on Finance, the same having been disapproved, the

persistence with the Scheme by virtue of executive power is grossly arbitrary and a colourable exercise of power;

c) that *ex facie* the scheme impinges on numerous fundamental rights of the citizens of India including the right to privacy, guaranteed under Articles 14, 19 and 21 of the Constitution of India, and the same is thus wholly impermissible in the absence of a legislation as has been made explicit and evident by the respondents by so stating in the Statement of Objects and Reasons while piloting the National Identification Authority of India Bill, 2010 as well as in the present proceedings;

d) that the respondents are guilty of misstating and misrepresenting the impugned scheme, and the said scheme is therefore totally *mala fide*, inasmuch as although in their counter-affidavit, they assert that the said scheme is purely voluntary, yet they have advertised on various occasions that enrolment to UID database is mandatory in order to derive various government benefits, such as subsidies for food, kerosene, cooking gas, scholarships, etc.;

e) that the impugned scheme imperils the security of the nation as it legitimizes the residence of illegal immigrants in India and the concerns of the Standing Committee on



Finance atleast merit consideration by the Parliament before persisting with its implementation;

f) that the implementation of the impugned scheme is *mala fide* as it is being implemented hastily and maliciously only to further political and oblique interests of the Government in power in spite of the pendency of the matter before this Hon'ble Court and the issuance of notice on the prayer for interim relief.

5. That apart from the material and documents adduced alongwith the writ petition, the petitioners crave leave to support the prayer made in the writ petition with the help of the following documents as well:-

(a) Parliamentary Standing Committee on Finance in its reports, 53<sup>rd</sup> Report presented to the Parliament on 24.4.2012, **Annexure P-16**; 62<sup>nd</sup> Report presented on 6.12.2012, **Annexure P-17**; 69<sup>th</sup> Report presented on 22.4.2013, **Annexure P-18**, expressed grave concerns and disapproved the implementation of the scheme without legislative approval;

(b) a note of dissent released by a group of 208 independent scholars, activists and responsible citizens, **Annexure P-19**, which included some members of the National Advisory Council. The reasons and the contents of the said note may be read as part of this rejoinder-affidavit.

in support of the submission that the persistence with the UID is wholly unjustified, irrational and arbitrary;

(c) news-item appearing in the Times of India (Delhi edition) dated 15.2.2012, **Annexure P-20**, reporting the confession made by an important political functionary of the political party running the Government, that implementation of Aadhaar is key to electoral victory, clearly establishing the *mala fide* intention of the executive Government and colourable exercise of power to further their own political ends at the cost of the rights and liberties of citizens of India;

(d) Advertisement appearing in the Times of India (Delhi edition) on 16.12.2012, **Annexure P-21**, showing that the access to various government services, social welfare benefits/subsidies is available only upon obtaining Aadhaar card/number by compromising/ surrendering the fundamental freedom and right to privacy guaranteed by Articles 19 and 21 of the Constitution of India;

(e) Food Security Ordinance, 2013 dated 5.7.2013, **Annexure P-22**, particularly Section 12(2)(c), thereof which envisages the linkage of benefits under that ordinance to Aadhaar, thereby restricting the benefits/largesse under the said Ordinance to UID holders, clearly exposing the involuntary nature of the scheme and brings about the

element of duress and compulsion for compromising/surrendering the fundamental freedoms and right to privacy for the purpose of obtaining the aforesaid largesse/benefits;

(f) application form for the issuance of Aadhaar, **Annexure P-23**, to show that it does not require any proof of nationality/citizenship etc.;

(g) an article titled "Threat of exclusion, and of surveillance", authored by Dr. Usha Ramanathan, an internationally recognized expert on law and poverty, appearing in The Statesman dated 2.7.2013, **Annexure P-24**, establishing that voluntariness has been systematically diluted by the UIDAI, thereby setting off panic; that the biometric data being totally unreliable in the Indian context; and that there is no proper process for hiring of companies for managing the UID databases;

(h) an article titled "A virtual monster in the cloud", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 3.7.2013, **Annexure P-25**, exposing the deceit in the strategy of the UIDAI pretending that it was voluntary while it was not as subsidies, scholarships, admissions in schools, registrations of land transfers and marriages were to be restricted to only UID holders, and thereby triggering panic and anxiety due to the threat of exclusion in the masses, compelling them to hand over

personal and intimate information, putting people at risk. This article further highlights the proposed use of the data collected, which is that the UIDAI is intended to make profits by partnering with Authorised User Agencies (AUAs), which includes private agencies/companies, and to authenticate the data for consideration. For this purpose, reliance is also placed on an article by the same author titled "Your data, going on sale soon" appearing in The Hindu dated 21.5.2013, **Annexure P-26**;

(i) an article titled "Inclusion project that excludes the poor", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 4.7.2013, **Annexure P-27**, highlighting the realities being far from the claims of the UIDAI, viz., 1) that the UID is exclusionary as subsidies were directly linked; 2) that the "introducer system" is irrational and a farce as it is only "approved introducers" (who are known to the Registrar, but not to the person they are introducing), who could introduce a person for enrolment in the absence of the requisite documents; 3) there is no mechanism to check data leakage, leading to duplication and ghost beneficiaries;

(j) an article titled "Ambition sans innocence", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 5.7.2013, **Annexure P-28**, finding that the ambitious



UID scheme is writ large with *mala fide* and is bound to lead to far-reaching infringement of individual rights;

(k) an article titled "Biometrics—the story so far", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 6.7.2013, **Annexure P-29**, exposing the experimental nature of the entire scheme as there is total lack of any scientific basis to the biometric information, such as face, fingerprint, iris, being collected by the respondents, thereby causing serious irreversible jeopardy to the State exchequer benefiting biometric companies, and the intimate and personal information of individuals collected by the UIDAI;

(l) an article titled "Best finger first, but let's now scan the eye", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 10.7.2013, **Annexure P-30**, highlighting the hollowness in the procedure devised by the respondents to overcome the unreliability of the biometric data as well as the failure to enrol being to the tune of 15% of the entire population;

(m) an article titled "But do the eyes really have it?", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 11.7.2013, **Annexure P-31**, establishing that there is almost a 50% rejection rate of iris authentication, and that the technology is at an

experimental and untested stage, and India is being used as a laboratory and Indian residents as specimens. This article further highlights the possibilities of fraud and spoofing, by which the technology can be manipulated. In this context, reference is further made to the newspaper report titled "To pass biometric information, apply Vaseline or Boroplus on fingers overnight" appearing in The Hindu (Delhi edition) dated 15.12.2012, **Annexure P-32**;

(n) an article titled "What we (don't) know about the companies", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 12.7.2013, **Annexure P-33**, profiling all the companies selected to implement the core biometric identification system, and the proximity of each of these companies with foreign governments and their intelligence agencies, thereby posing a serious threat to national security, as the database being created is without any protection;

(o) an article titled "When Parliament spoke on the UID", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 13.7.2013, **Annexure P-34**, highlighting the serious problems with the impugned scheme functioning without the sanction of a legislation, which have been highlighted in this petition already. Reference is also made to a statement released by a group of eminent

citizens, including a former Judge of this Hon'ble Court, a retired High Court Chief Justice, well-known scholars and retired senior government officials, titled "A Matter of Great Concern", appearing on Outlook Magazine (Web) dated 28.9.2010, **Annexure P-35**, whereby questions have been raised as to the undemocratic process adopted for implementation of the impugned scheme as well as threats to privacy posed by possible surveillance, profile tracking and data convergence. The reasons and the contents of this article and statement of concern may be read as part of this rejoinder-affidavit in support of the submission that the persistence with the UID in the absence of a law is wholly arbitrary and impermissible.

(p) an article titled "Making a business out of government data", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 19.7.2013, **Annexure P-36**, exposing the brazen profit-making ventures being envisaged after the UID project reaches a 'steady state', with the establishment of National Information Utilities (NIUs), which are monopolistic institutions to be 51% privately owned and government ownership of atleast 26%.

(q) an article titled "What is the cost? And who benefits?", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 21.7.2013, **Annexure P-37**,

establishing that no cost-benefit analysis of the project has been undertaken, and the purported cost-benefit analysis in the form of the NIPFP paper, was dubious and inadequate, as that study is neither independent nor authoritative;

(r) an article titled "Card or number? Crow or cuckoo?", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 26.7.2013, **Annexure P-38**, arguing that there has been no proper deliberation or transparency in the working of the project, and there are several issues over which there is still no clear and categorical answer;

(s) an article titled "In the name of the poor", authored by Dr. Usha Ramanathan, appearing in The Statesman dated 28.7.2013, **Annexure P-39**, establishing that the entire project, although is being operated with the stated objective of helping the poor, is far from it, as it is exclusionary and the homeless derive nothing from the project;

(t) a report titled "15 Bangladesh immigrants held, one with Aadhaar card", appearing in The Hindustan Times (Mumbai Edition) dated 11.1.2013, **Annexure P-40**, establishing that the manner in which Aadhaar is being issued poses a real and serious threat to national security, legitimizing the stay of illegal migrants in India.



6. That the submissions of the petitioners in the present rejoinder-affidavit, may be summed up as follows:-

I. Voluntariness of UID suspect: The assertion of the respondents in their counter-affidavit that the impugned scheme is voluntary in nature and therefore does not lead to any infraction of fundamental rights, is specifically disputed and denied.

II. Field already occupied by Citizenship Act, 1955 and the Rules framed thereunder: The impugned scheme is identical to the subject-matter of 'Population Register' defined in Rule 2(l) of the Citizenship (Registration of Citizens and issue of National Identification Cards) Rules, 2003, framed under Section 18 of the Citizenship Act, 1955. Therefore, the scheme is an invalid exercise of executive power under Article 73 of the Constitution of India.

III. Implementation of scheme can be only by resorting to legislative power: As there is infraction of valuable fundamental rights (such as right to privacy) which can only be by means of legislation, and considering the fact that offences and penalties are required to be created for effective data protection, legislation is imperative. Therefore, the implementation of the scheme by resorting to executive power under Article 73 is unconstitutional.

IV. Scheme is mala fide: Prime Minister himself stated, while introducing the NIA Bill, 2010, that legislation is imperative. The legislation was introduced and it was adversely commented upon by the Standing Committee on Finance vide its Report, Annexure P-7. Yet, the scheme is continued to be implemented on a massive scale, in utter disregard of the pending legislation, as well as without deference to the pendency of the prayer for interim relief in this Hon'ble Court. This is perceivably due to the electoral ambitions of the political party heading the government, as confessed vide Annexure P-20.

V. Scheme poses a threat to national security: The manner in which enrolment is being carried out, without adequate data protection or verification – the agencies involved in the enrolment process being hand in gloves with various foreign governments and their intelligence agencies, poses a serious threat to national security.

VI. Violation of fundamental rights: Due to lack of effective data protection of the biometric information, fundamental rights of citizens of India are seriously imperiled, including the right to privacy and the right to life without surveillance, held to be part of Articles 14, 19 and 21 of the Constitution of India.

VII. Scheme is irrational and unnecessary burden on public exchequer: The fact that the scheme has a failure rate of as high as 15% in collecting biometric information, and further that there are already atleast five different similar schemes of identity enrolment (Below Poverty Line (BPL), MGNREGS (Rural employment guarantee scheme), National Population Register (NPR), RSBY (Rashtriya Swasthya Bhima Yojna), and Bank Smart cards.

7. That the UID is clearly involuntary, especially in the manner in which it is being implemented, and regardless, the respondents cannot be seen to be relying solely upon the voluntary nature of the scheme to contend that there is no infringement of fundamental rights. Firstly, the petitioner reiterates what has been urged in the writ petition itself that the mere fact that the enrollment is carried out on voluntary basis does not save the scheme, if it otherwise invades the fundamental rights enshrined by the Constitution of India under Articles 14, 19 and 21, as is well settled that fundamental rights under Part-III of the Constitution of India cannot be waived or bartered away. Secondly, the manner in which the Scheme is being implemented clearly shows that citizens of India are being coerced, compelled and induced to part with their fundamental rights in order to derive the social welfare benefits/subsidies for

which enrolment in the impugned scheme has been made mandatory. This intent of the respondents in obtaining the Aadhaar Card to access government services is evident from the reports appearing in a section of the Press, including one such newspaper advertisement dated 16.12.2012, Annexure P-21. Furthermore, in the recently promulgated Food Security Ordinance, 2013, a copy of which is Annexure P-22, the respondents have provided for delivering benefits under the said Ordinance to 'aadhaar' holders. Relevant portion of Section 12 of the said Ordinance is reproduced below to facilitate ready reference:-

**"12. Reforms in the Targeted Public Distribution System.-(1)** The Central and State Governments shall endeavour to progressively undertake necessary reforms in the Targeted Public Distribution System in consonance with the role envisaged for them in this Ordinance.

(2) The reforms shall, *inter alia*, include-

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(c) leveraging "aadhaar" for unique identification, with biometric information of entitled beneficiaries for proper targeting of benefits under this Ordinance;

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Thus, if 'aadhaar' is leveraged for the purposes of benefits under this Ordinance, all persons who have not enrolled for UID, shall



be denied the said benefits, and in that sense, enrolling for aadhaar is compulsory for availing of government benefits. Therefore, the respondents' claim that enrolling for Aadhaar number/card is not mandatory and purely voluntary is not only misleading but is patently false.

8. That another argument advanced by the respondents in defence of the impugned scheme is that Aadhaar number is available to all residents and the definition of 'resident' in clause 2(q) of the National Identification Authority of India Bill, 2010, is similar to the subject of 'Population Register' as defined in Rule 2(l) of the Citizenship (Registration of Citizens and issue of National Identification Cards) Rules, 2003 which have been framed under Section 18 of the Citizenship Act, 1955. This candid admission on the part of the Respondents that the notification dated 28.1.2009 is virtually identical in subject matter to the statutory rules framed under the Citizenship Act, further demolishes their case as this Hon'ble Court has in various judgments held that executive power under Article 73/162 of the Constitution of India can only be resorted to, to fill in the gaps and where there is no law made by the legislature in that field. In the present case, the 2003 Rules framed under the Citizenship Act, 1955 specifically postulates a particular method for the creation of the National Register of Indian Citizens and a Population Register both of which are to be established and

maintained by the Registrar General of Citizens Registration which is a statutory authority as it is ex-officio the Registrar General of India appointed under the Registration of Births and Deaths Act, 1969. In Rule 3 of the said Rules, the method for preparation of National Register of Indian Citizens is prescribed which provides that after notifying a date by which the Population Register is prepared, details of persons after due verification are incorporated into a Local Register of India Citizens and all such Local Registers collectively are compiled to be the National Register of Indian Citizens. In this manner, there is a detailed mode prescribed by the statutory rules framed under Section 18(2)(ia) read with Section 14A of the Citizenship Act, 1955. On the other hand, the present scheme having been notified and being operated under the aegis of the impugned executive order dated 28.1.2009, in a virtually identical manner and at the cost of duplicating the entire exercise, entrusted the respondent no. 3 with the task of enrolling and collecting details including biometric information of residents within the territory of India. Not only is such an exercise extremely cost inefficient, but is also contrary to the law laid down by a Constitution Bench of this Hon'ble Court in *B.N. Nagarajan v. State of Mysore*, AIR 1966 SC 1942, wherein it has been held that once there is a statutory rule on a matter the executive must not resort to executive power under Article 73/162 of the Constitution of India in *ignorance* or

in contravention of that rule. The relevant portion of the said judgment is reproduced below to facilitate ready reference:-

"5. It would be convenient to deal with this argument at this stage. Mr Nambiar contends that the words "shall be as set forth in the rules of recruitment of such service specially made in that behalf" clearly show that till the rules are made in that behalf no recruitment can be made to any service. We are unable to accept this contention. First it is not obligatory under proviso to Article 309 to make rules of recruitment, etc., before a service can be constituted or a post created or filled. This is not to say that it is not desirable that ordinarily rules should be made on all matters which are susceptible of being embodied in rules. Secondly, the State Government has executive power, in relation to all matters with respect to which the Legislature of the State has power, to make laws. It follows from this that the State Government will have executive power in respect of List II, Entry 41, State Public Services. It was settled by this Court in *Ram Jawaya Kapur v. State of Punjab* [(1955) 2 SCR 225] that it is not necessary that there must be a law already in existence before the executive is enabled to function and that the powers of the executive are limited merely to the carrying out of these laws. We see nothing in the terms of Article 309 of the Constitution which abridges the power of the executive to act under Article 162 of the Constitution without a law. It is hardly necessary to mention that if there is a statutory rule or an act on the matter, the executive

must abide by that act or rule and it cannot in exercise of the executive power under Article 162 of the Constitution ignore or act contrary to that rule or act."

Again, in *G.J. Fernandez v. State of Mysore*, AIR 1967 SC 1753, this Hon'ble Court held that while incorporating the scope and nature of executive power under Article 73/162 of the Constitution of India to be thus:-

"12. Taking first the contention with respect to the Code not being followed in the matter of tenders, the question that arises is whether this Code consists of statutory rules or not. The High Court has observed that the so-called rules in the Code are not framed either under any statutory enactment or under any provision of the Constitution. They are merely in the nature of administrative instructions for the guidance of the department and have been issued under the executive power of the State. Even after having said so, the High Court has considered whether the instructions in the Code were followed in the present case or not. Before however we consider the question whether instructions in the Code have been followed or not, we have to decide whether these instructions have any statutory force. If they have no statutory force, they confer no right on any body and a tenderer cannot claim any rights on the basis of these administrative instructions. If these are mere administrative instructions it may be open to Government to take disciplinary action against its servants who do not follow these instructions but non-

observance of such administrative instructions does not in our opinion confer any right on any member of the public like a tenderer to ask for a writ against Government by a petition under Article 226. The matter may be different if the instructions contained in the Code are statutory rules. Learned counsel for the appellant is unable to point out any statute under which these instructions in the Code were framed. He also admits that they are administrative instructions by Government to its servants relating to the Public Works Department. But his contention is that they are rules issued under Article 162 of the Constitution. Now Article 162 provides that "executive power of a State shall extend to the matters with respect to which the legislature of the State has power to make laws". This Article in our opinion merely indicates the scope of the executive power of the State; it does not confer any power on the State Government to issue rules thereunder. As a matter of fact wherever the Constitution envisages issue of rules it has so provided in specific terms. We may for example, refer to Article 309, the proviso to which lays down in specific terms that the President or the Governor of a State may make rules regulating the recruitment and the conditions of service of persons appointed to services and posts under the Union or the State. We are therefore of opinion that Article 162 does not confer any power on the State Government to frame rules and it only indicates the scope of the executive power of the State. Of course, under such executive power, the State can give administrative instructions to its servants how to act in certain circumstances;



but that will not make such instructions statutory rules which are justiciable in certain circumstances. In order that such executive instructions have the force of statutory rules it must be shown that they have been issued either under the authority conferred on the State Government by some statute or under some provision of the Constitution providing therefor. It is not in dispute that there is no statute which confers any authority on the State Government to issue rules in matters with which the Code is concerned; nor has any provision of the Constitution been pointed out to us under which these instructions can be issued as statutory rules except Article 162. But as we have already indicated, Article 162 does not confer any authority on the State Government to issue statutory rules. It only provides for the extent and scope of the executive power of the State Government, and that coincides with the legislative power of the State Legislature. Thus under Article 162, the State Government can take executive action in all matters in which the legislature of the State can pass laws. But Article 162 itself does not confer any rule making power on the State Government in that behalf. We are therefore of opinion that instructions contained in the Code are mere administrative instructions and are not statutory rules. Therefore even if there has been any breach of such executive instructions that does not confer any right on the appellant to apply to the court for quashing orders in breach of such instructions. It is unnecessary for us to decide whether there has been in fact a breach of any instruction contained in the Code with respect to



tenders and we do not therefore so decide. But assuming that there has been any breach that is a matter between the State Government and its servant, and the State Government may take disciplinary action against the servant concerned who disobeyed these instructions. But such disobedience did not confer any right on a person like the appellant, to come to court for any relief based on the breach of these instructions. It is for this reason that we are not referring to the Code, though the High Court did consider whether there was any breach of these administrative instructions and came to the conclusion that there was no breach. In the view we take it is unnecessary for us to consider this, for we are of opinion that no claim for any relief before a court of law can be founded by a member of the public, like the appellant, on the breach of mere administrative instructions."

In *State of Sikkim v. Dore Tsering Bhutia*, (1991) 4 SCC 243, this Hon'ble Court again observed that executive power cannot be exercised in a field which is already occupied by laws made by the legislature. A Division Bench of the Madras High Court in *S. Arunachalam v. State of Tamil Nadu*, 1997 (1) CTC 129, was confronted with a similar situation as in the present case, where despite there being legislative power having been exercised in the form of Registration Act, 1908, the State Government, in exercise of executive power under Article 162 of the Constitution of India, had promulgated a Government Order

impugned therein which was held to be unconstitutional by relying upon the aforementioned judgments of this Hon'ble Court. More recently, in *P.H. Paul Manoj Pandian v. P. Veldurai*, (2011) 5 SCC 214, this Hon'ble Court held that once a law occupies the field, it is not open to the State Government under Article 162 (*mutatis mutandis* to Article 73 for the Union Government) to prescribe in the same field by an executive order. Therefore, the argument of the respondents that the impugned notification dated 28.1.2009, is a valid exercise of executive power, is completely misconceived and erroneous.

9. That furthermore, the respondents continue to flagrantly implement the impugned scheme by way of executive order despite the Union of India itself realising that a legislation is imperative as stated by the Hon'ble Prime Minister himself in the Statements of Objects and Reasons, as well as by the respondents in their counter affidavit to the present writ petition at p. 154-155. The relevant portion of the Statement of Objects and Reasons to the National Identification Authority Bill, 2010 reads thus:-

"3. It has been observed and assessed that the issue of unique identification numbers may involve certain issues, such as (a) security and confidentiality of information, imposition of obligation of disclosure of information so collected in certain cases, (b) impersonation by certain individuals at the time of

enrolment for issue of unique identification numbers, (c) unauthorised access to the Central Identities Data Repository, (d) manipulation of biometric information, (e) investigation of certain acts constituting offence, and (f) unauthorised disclosure of the information collected for the purposes of issue of the unique identification numbers which should be addressed by law and attract penalties.

4. In view of the foregoing paragraph, it has been felt necessary to make the said Authority as statutory authority for carrying out the functions of issuing identification numbers to the residents in India in an effective manner. It is, therefore, proposed to enact the National Identification Authority of India Bill, 2010 to provide for the establishment of the National Identification Authority of India for the purpose of issuing identification numbers (which has been referred to as aadhaar number) to individuals residing in India and to certain other classes of individuals and manner of authentication of such individuals to facilitate access to benefits and services to such individuals to which they are entitled and for matters connected therewith or incidental thereto."

In view of the afore-quoted interest of having the legislation to deal with the subject matter of the impugned scheme it can but be inferred that continuing to implement the said scheme by way of executive order, despite the Standing Committee on Finance repeatedly expressing its displeasure and concern in its various reports, i.e. the 42<sup>nd</sup> Report, Annexure P-7; 53<sup>rd</sup> Report,

Annexure P-17, 62<sup>nd</sup> Report, Annexure P-17 and 69<sup>th</sup> Report, Annexure P-18. As observed by the Standing Committee in its latest report, as much as a whopping Rs. 2342 crores has already been spent upto January, 2013 during the last three financial years on the scheme while another Rs. 2620 crores have been allocated in the Budget Estimates 2013, out of which Rs. 1040 crores is earmarked for "Enrollment Authentication and Updation", while the legislative sanction of the scheme remains pending in the Parliament. The relevant portion of the 69<sup>th</sup> Report is reproduced below to facilitate ready reference of this Hon'ble Court:-

"5. The Committee in their earlier reports had urged the Government to reconsider and review the UID Scheme and also the proposals contained in 'National Identification Authority of India Bill 2010' with all its ramifications and bring forth a fresh legislation before Parliament. The Committee note that although 15 months have lapsed after presentation of its report on UIDAI, the Government have not yet brought any fresh legislation before the Parliament. The Committee are concerned to note that during the last three financial years (upto January, 2013), a huge sum of Rs. 2342 crore has been spent on the Scheme and Rs. 2620 crore has been allocated in BE 2013-14, out of which Rs. 1040 crore is earmarked for "Enrolment Authentication and Updation" pending legislative sanction of the Scheme. The Committee strongly feel that in the absence of legislation, Unique

Identification Authority of India (UIDAI) is discharging its functions without any legal basis. The Committee, therefore, insist the Government address the various shortcomings/issues pointed out in their earlier reports and bring forth a fresh legislation at the latest in the next session of Parliament. The Committee would also like to know the number of aadhar cards issued during the last three years vis-à-vis target set therefor along with the number, nature and redressal mechanism of complaints and punishment awarded in the matter of issue of cards. The Committee would further like to be apprised about the cost per card incurred by the Government."

10. That further, legislation is imperative in view of the large-scale infringement of fundamental rights of citizens, especially the right to privacy and the right to lead a peaceful life without surveillance. This apart, as indicated in various detailed articles annexed to this rejoinder affidavit, a proper legislative framework is essential for the protection of data collected by means of the implementation of the impugned scheme, and offences and penalties are required to be created. In these circumstances, resorting to executive power under Article 73 of the Constitution, is wholly impermissible and unconstitutional. In *Black's Law Dictionary* (8<sup>th</sup> edition), 'executive', 'executive power', 'legislative function' and 'legislative power' are defined as follows:-

"**executive**, *n.* 1. The branch of government responsible for effecting and enforcing laws; the persons or persons who



constitute this branch. • The executive branch is sometimes said to be residue of all government after subtracting the judicial and legislative branches."

"**executive power.** *Constitutional law.* The power to see that the laws are duly executed and enforced."

"**legislative function.** 1. The duty to determine legislative policy. 2. The duty to form and determine future rights and duties."

"**legislative power.** *Constitutional law.* The power to make laws and alter them; a legislative body's exclusive authority to make, amend and repeal laws. • Under federal law, this power is vested in Congress, consisting of the House of Representatives and the Senate. A legislative body may delegate a portion of its lawmaking authority to agencies within the executive branch for purposes of rulemaking and regulation. But a legislative body may not delegate a portion of its authority to the judicial branch, and the judicial branch may not encroach on legislative duties."

In view of the above, the subject-matter of the present scheme can only be dealt with by resorting to legislative power, and not by way of executive power. Therefore, the impugned notification dated 28.1.2009, and the continuation of the said scheme is wholly impermissible, and *ultra vires* the powers of the executive under the Constitution of India.

11. That the entire scheme is completely irrational and against public interest, as it multiplies the same exercise causing great loss to the public exchequer. At present, there are five different similar schemes of identity enrolment (Below Poverty Line (BPL), MGNREGS (Rural employment guarantee scheme), National Population Register (NPR), RSBY (Rashtriya Swasthya Bhima Yojna), Bank Smart cards, which collect virtually the same



information. Therefore, UID is wholly unjustified, arbitrary and against public interest.

PARAWISE REPLY

12. That the contents of para 1 of the counter affidavit filed on behalf of the respondents needs no reply.

13. That the contents of para 2 of the counter affidavit filed on behalf of the respondents is wrong and denied. The petitioners are surprised that the respondents have categorised the said petitioner as being mischievous when the same has been filed with an honest intention of ensuring that rule of law in accordance with the Constitution of India is upheld and there is safeguard of fundamental rights of millions of citizens who are unable to approach this Hon'ble Court.

14. That the contents of para 3 of the counter affidavit are wrong and denied.

15. That the contents of para 4 of the counter affidavit are wrong and denied. The petition categorically states that fundamental rights especially the right against arbitrary, illegal and mala fide governmental action under Article 14 and right to privacy under Article 21 of millions of citizens of this country are being infringed by the respondents. Besides, non-citizens are being treated at the same footing as citizens such as the petitioners, distinction between which is well recognized by the

Constitution of India and other laws such as the Citizenship Act, 1955 and Foreigners Act, 1946 thereby warranting the institution of the instant writ petition under Article 32 for the enforcement of fundamental rights of innumerable citizens of India. The plea of the respondents regarding there being no invasion of the right of privacy as the scheme is being carried out on voluntarily basis is wrong and denied. In view of the submissions made in para 5 above of the present rejoinder affidavit, nothing further need be added.

16. That the contents of para 5 of the counter affidavit are wrong and denied. It is pertinent to invite the attention of this Hon'ble Court to the fact that all the residents are being enrolled into this scheme, regardless of them being citizens or not. This is evident from the application form for the issuance of Aadhaar, Annexure P-23, which does not require any proof of nationality/citizenship etc. As a consequence of this, welfare schemes/subsidies which the Government of India and the State Governments must distribute among the citizens only are being illegally and unjustly dispensed to non-citizens and citizens alike. Furthermore, as has been pointed out in the said para, UID is the first form of identification that may be given to residents who do not have any form of identification, which results in necessarily legitimising the stay of illegal immigrants who get a chance to create a new identity for themselves and such illegal immigrants,

even though may not be successful in eventually securing Indian citizenship are, by means of UID, enjoying residence and stay in the country as well as access the country's resources and governmental welfare schemes/subsidies. Such illegal immigrants, after securing the Aadhaar card/number, enjoy all rights available exclusively to Indian citizens, and seriously jeopardize the internal security of the country. The fact that the impugned scheme, especially in the manner in which it is being implemented, can easily be abused to enroll such illegal immigrants, is evident from newsreport, Annexure P-40. The impugned scheme, and the manner in which it is being implemented, thus poses a great threat to the security of the nation, and is tantamount to *bloodless aggression* as has been characterized by this Hon'ble Court in *Sarbananda Sonowal v. Union of India*, (2005) 5 SCC 665 and *Sarbananda Sonowal (II) v. Union of India*, (2007) 1 SCC 174. Furthermore, in reply to the said para, it is submitted that the collection of biometric information of each individual as well as that private information in a centralized data base is prone to much abuse and tampering, in the absence of any legislative safeguards. Newspaper articles at Annexures P-25 and P-26 highlight the complete lack of any systematic mechanism to control the ownership and transfer of the data collected by the UIDAI. Moreover, even the data collected by the UIDAI is not authentic

and lakhs of fake Aadhaar numbers have been detected and the biometric information collected by the UIDAI is prone to much manipulation.

17. That the contents of para 6(i) of the counter affidavit are wrong and denied. In view of the submissions already made in the writ petition as well as in the present rejoinder affidavit, nothing further need be added.

18. That the contents of para 6(ii) of the counter affidavit are wrong and denied. In view of the submissions already made in the writ petition as well as in the present rejoinder affidavit, nothing further need be added.

19. That the contents of para 6(iii) of the counter affidavit are wrong and denied. It is pertinent to state that separation of powers, which is part of the basic structure of the Constitution, requires that at least the essential legislative function must be performed by the legislature and not by usurped by the executive in the garb of exercising powers under Article 73/162 of the Constitution of India. The 'essential legislative function' which has been defined by this Hon'ble Court in *Harishankar Bagla v. State of MP*, AIR 1954 SC 465, as being "the determination or choice of the legislative policy and of formally enacting that policy into a binding rule of conduct", which must be declared by the legislature. The interpretation of Article 73 of the Constitution proffered by the respondents in the said para is completely

incorrect and absurd as by the said interpretation even excessive delegation and Henry VIII Clause would become legal and constitutional. Therefore, in the absence of any law, i.e., the National Identification Authority of India Bill, 2010 having been enacted, the carrying out of the impugned scheme vide notification dated 28.1.2009, Annexure P-1, which has vast implications on fundamental rights of individuals, and security of the country is therefore, unconstitutional and far beyond the scope and executive power under Article 73 of the Constitution of India.

20. That the contents of para 6(iv) of the counter affidavit are wrong and denied. The reliance placed by the respondents on the judgment of a Division Bench of the Kerala High Court in *Rev. Fr. Joseph Valamagalam and Ors. v. State of Kerala*, AIR 1958 Ker 290 is clearly misplaced, besides being suspect law in view of the law laid down by this Hon'ble Court subsequently on the nature and scope of Article 73 in *B.N. Nagarajan v. State of Mysore* (*supra*); *G.J. Fernandez v. State of Mysore* (*supra*); *State of Sikkim v. Dore Tsering Bhutia* (*supra*); *P.H. Paul Manoj Pandian v. P. Veldurai*, (*supra*), and by a judgment of Division Bench of the Madras High Court in *S. Arunachalam v. State of Tamil Nadu* (*supra*).

21. That the contents of para 6(v) of the counter affidavit are wrong and denied. The question is as to how despite the said Bill



of 2010 having been introduced in the Parliament with the stated object that it is *necessary* and *essential* to have a legislation, the Government could proceed by resorting to executive power. In case a pressing need was felt, legislative power under Article 123 ought to have been exercised, and not the executive power. Furthermore, it is denied that no fundamental rights have been infringed by governmental action and valuable rights under Part-III of the Constitution of India have been invaded and are in further danger of being violated by the respondents from the implementation of the impugned scheme vide notification dated 28.1.2009, Annexure P-1.

22. That the contents of para 7.1 of the counter affidavit are wrong and denied and those of para 1 of the writ petition are reiterated. The argument of the respondents that merely because the issuance of Aadhaar numbers is dependent upon the consent of an individual, there can be no infringement of fundamental rights of citizens is completely misplaced and fallacious, as elucidated hereinabove especially in para 5 of the present rejoinder affidavit. This Hon'ble Court has held in *Behram v. State of Bombay*, (1955) 1 SCR 613 and *Bashesar Nath v. C.I.T.*, 1959 Supp (1) SCR 528 that fundamental rights, especially those enshrined under Article 14 and 21 cannot be waived. It is vehemently contended in light of this position of law that implementation of the impugned scheme vide notification



dated 28.1.2009, Annexure P-1, amounts to creating serious inroads into the inviolable fundamental rights of citizens including the right to privacy recognized to be part and parcel of Article 21 of the Constitution of India. Furthermore, it is incorrect to suggest that Report of the Standing Committee on Finance, Annexure P-7 has absolutely no bearing on the issue, or is not relevant for the determination of the legal and constitutional controversy at hand. The Standing Committee Report on the National Identification Authority of India Bill (Annexure P-2) must be read in the context of the Government itself stating that there is an imperative necessity for a legislation, because of which the said Bill was introduced in the Parliament (Rajya Sabha) in 2010. The same was then immediately referred to the Standing Committee on Finance which after a thorough clause by clause discussion of the Bill came to the conclusion that the provisions proposed in the said Bill are insufficient and a better law is required on the subject matter. However, the Government instead of acting on the various recommendations/observations made by the Standing Committee on Finance and getting a legislation passed in the Parliament, completely abandoned the need for a legislative sanction to the entire process of issuing of Aadhaar cards/numbers and instead went along rapidly issuing Aadhaar cards/numbers with great haste and in complete obliviance of the fact that not only existing legislation and statutory rules governed

the field, a legislation introduced by the same Government remains pending in the Parliament. In this manner, the respondents have sought to frustrate the legislative process and rendered it meaningless by purportedly exercising executive power under Article 73 of the Constitution of India. In this manner, the actions of the respondents, especially implementing the impugned scheme vide notification dated 28.1.2009, Annexure P-1 are wholly illegal, unwarranted and unconstitutional.

23. That the contents of para 7.2 of the counter affidavit are wrong and denied and those of para 2 of the writ petition are reiterated. It is submitted that reliance on the judgment of the Kerala High Court in *Rev. Fr. Joseph Valamagalam and Ors. v. State of Kerala (supra)* is wholly misplaced as the said judgment cannot be said to be laying down authoritative law especially in view of the judgments of this Hon'ble Court in *B.N. Nagarajan v. State of Mysore (supra)*; *G.J. Fernandez v. State of Mysore (supra)*; *State of Sikkim v. Dore Tsering Bhutia (supra)*; *P.H. Paul Manoj Pandian v. P. Veldurai, (supra)* and a judgment of Division Bench of the Madras High Court in *S. Arunachalam v. State of Tamil Nadu (supra)*. Furthermore, this Hon'ble Court in *Ram Jawaya Kapur v. State of Punjab*, AIR 1959 SC 549 has held that the executive function is the residue of all governmental function after legislative and judicial functions are excluded from it. In

light of this definition of executive function, it cannot be said that impugned notification dated 28.1.2009, Annexure P-1 is an exercise of executive power as the impugned notification lays down a particular policy and binding rule of conduct which is the definition of "essential legislative function" as defined in *Harishankar Bagla v. State of M.P. (supra)*. Therefore, the executive cannot be permitted to usurp the functions which fall essentially in the domain of Parliament/legislature and are in fact, core to it.

24. That the contents of para 7.3 of the counter affidavit need no reply and those of paras 3, 4 & 5 of the writ petition are reiterated.

25. That the contents of para 7.4 of the counter affidavit are wrong and denied and those of para 6 of the writ petition are reiterated. It is submitted that there is no proper verification procedure which is being carried out to ensure that genuine residents can be enrolled in the system. This is evident from the many mishappenings which have continuously surfaced such as illegal immigrants possessing Aadhaar Card (Annexure P-40); and fake Aadhaar cards being issued. In the absence of a legislative framework, the implementation of the scheme by means of executive order dated 28.1.2009 (Annexure P-1) is woefully inadequate and deficient.

26. That the contents of para 7.6 of the counter affidavit are wrong and denied and those of para 8 of the writ petition are reiterated. Whatever has been stated in para 8 of the writ petition has been sourced from the UIDAI Strategy Overview which has been appended to the writ petition at Annexure P-3. Furthermore, the reliance of the respondents on clause 2(q) of the Bill defining "resident" is strange and misplaced as the said Bill has yet to become law and infact the present writ petition has been filed with one of the primary objectives being to ensure that the respondents implement Aadhaar/UID Scheme only after a law is passed by the Parliament. Furthermore, the admission of the respondents themselves that the content and subject-matter of National Population Register as provided for in the Citizenship (Registration of Citizens and Issue of National Identity Cards) Rules, 2003 framed under Citizenship Act, 1955 on the one hand and the UID database on the other, being identical, lends force and credence to the argument of the petitioners that the entire exercise being carried out by the respondents vide notification dated 28.1.2009 Annexure P-1 is not only wholly unnecessary and frivolous but also in contravention of law laid down by this Hon'ble Court in *B.N. Nagarajan v. State of Mysore (supra)*; *G.J. Fernandez v. State of Mysore (supra)*; *State of Sikkim v. Dore Tsering Bhutia (supra)*; *P.H. Paul Manoj Pandian v. P. Veldurai (supra)* and by a judgment of Division Bench of the Madras High

Court in *S. Arunachalam v. State of Tamil Nadu (supra)*. In view of the submissions made heretofore, nothing further need be added in response to legitimising of illegal immigrants by issuing of Aadhaar cards/numbers.

27. That the contents of para 7.7 of the counter affidavit are wrong and denied and those of para 9 and 10 of the writ petition are reiterated. It is vital to notice that in the said para 7.7, the respondents are themselves candidly admitting that a legislative framework is in fact imperative and essential. Therefore, it is self-contradictory that while on the one hand the respondents state and affirm that legislation is in fact necessary for the proper implementation of the scheme, on the other hand, the respondents state that till such time a legislation is passed, the authority (respondent no.3) can continue to function under the executive order. Apart from this it is also not understood that when the scope and content of the Population Register as envisaged by the Citizenship Rules of 2003 is identical to the UID Database, then what is necessary or useful purpose served in implementing the scheme especially when the Population Register is firmly ground in the statute, while the present scheme has no statutory basis and in fact prone to much abuse and misuse, as has been highlighted above.

28. That the contents of para 7.8 of the counter affidavit are wrong and denied and those of para 11 of the writ petition are



reiterated. It is specifically denied that the notification dated 28.1.2009 is a subordinate legislation and it is stated that it is in fact, a mere executive order which has no statutory basis. As aforesaid such an executive order is completely beyond the scope of Article 73 of the Constitution of India.

29. That the contents of para 7.9 of the counter affidavit are wrong and denied and those of paras 13 & 14 of the writ petition are reiterated.

30. That the contents of para 7.10 of the counter affidavit are wrong and denied and those of para 15 of the writ petition are reiterated. The petitioners have only suggested that for about six months in 2012, the enrollment of Aadhaar number was stopped by the Government and are in no way contending that it has been stopped in the present as is being replied to by the respondents.

31. That the contents of para 7.11 of the counter affidavit are wrong and denied and those of para 16 of the writ petition are reiterated.

32. That the contents of para 7.12 of the counter affidavit are wrong and denied and those of paras 17 to 21 of the writ petition are reiterated. The judgment of this Hon'ble Court in AIR 1981 SC 1545 is not applicable to the facts and circumstances of the case where one of the primary questions is the legitimacy and legality of the executive order dated 28.1.2009 Annexure P-1,



especially when there is already an existing statutory framework in the form of Citizenship Act, 1955 and the Citizenship (Registration of Citizens and issue of National Identification Cards) Rules, 2003 framed thereunder, providing for the compilation and establishment of National Register of Indian Citizens which is to be prepared after the National Population Register is compiled and the non-citizens from the said Population Register are verified and eliminated. Furthermore, the fact that regarding the same subject matter the same Government has introduced the National Identification Authority of India Bill, Annexure P-2 in the Parliament is also a relevant factor for this Hon'ble Court to adjudicate whether in such circumstances, continuing with the implementation of the scheme by means of an executive order especially when the need and necessity of legislative framework has been emphasised by the respondents themselves, both while introducing the said Bill in Parliament as well as before this Hon'ble Court in the present proceedings. Therefore, the actions of the Government are *mala fide*, arbitrary and violative of Article 14. The judgment of the Kerala High Court in *Rev. Fr. Joseph Valamagalam and Ors. v. State of Kerala*, (*supra*) is of no assistance to the respondents as the said judgment may not be said to be laying down the correct law, in view of the judgments of this Hon'ble Court in *B.N. Nagarajan v. State of Mysore* (*supra*); *G.J. Fernandez v. State of*

*Mysore (supra)*; *State of Sikkim v. Dore Tsering Bhutia (supra)*; *P.H. Paul Manoj Pandian v. P. Veldurai, (supra)* and a judgment of Division Bench of the Madras High Court in *S. Arunachalam v. State of Tamil Nadu (supra)*.

33. That the contents of para 7.13 of the counter affidavit are wrong and denied and those of para 22 & 23 of the writ petition are reiterated. Voluntariness of an individual to waive fundamental rights does not and cannot be said to be no infringement of fundamental rights by the State. The respondents cannot contend as a welfare state that merely because consent of an individual is being sought before issuance of Aadhaar number, their valuable biometric information can be sought from them creating serious inroads into their right to privacy recognized to be part of Article 21 of the Constitution of India. The submissions made hereinabove in para 5 of this rejoinder can also be read as being submissions in reply to the said para 7.13.

34. That the contents of para 7.14 of the counter affidavit are wrong and denied and those of para 24 of the writ petition are reiterated. The judgments enlisted in the said para are inapplicable to the facts and circumstances of the present case and the petitioners seek to rely upon the judgments of this Hon'ble Court in *B.N. Nagarajan v. State of Mysore (supra)*; *G.J. Fernandez v. State of Mysore (supra)*; *State of Sikkim v. Dore*

*Tsering Bhutia (supra); P.H. Paul Manoj Pandian v. P. Veldurai, (supra)* and of the Madras High Court in *S. Arunachalam v. State of Tamil Nadu (supra)*.

35. That the contents of para 7.15 of the writ petition are wrong and denied and those of para 25 of the writ petition are reiterated. The direct transfer of monetary benefits into the bank account of Aadhaar Card/number holder is itself vastly detrimental, as the Aadhaar Card/number holder can be citizen or non-citizen and transferring of monetary benefits to both these classes alike is a violation of the principles of equality as enshrined under Article 14 of the Constitution of India which not only prohibits equals from being treated unequally, but also unequals from being treated equally. The Constitution envisages a clear distinction between citizens and non-citizens and rights and privileges are specifically endowed to the citizens while the non-citizens are not entitled to such rights or privileges. Government largesse revenue which is raised from the taxes deposited by citizens cannot be transferred and handed out in dole to non-citizens/aliens/illegal immigrants as is the outcome of the implementation of the impugned scheme, Annexure P-1. Regarding the difference enlisted in this para between UK ID Project and the Aadhaar Project, it is submitted that all these differences have been considered by the Standing Committee on Finance at page 86 of the writ petition, and the Standing

Committee has after considering all the material before it, concluded that the scheme is wholly unworkable in its present form. The Committee also observed that the findings of the London School of Economics Report on the UK Identity Project, ought to have been seriously considered. It is disputed that the Aadhaar card/number is not mandatory as has been submitted in this rejoinder affidavit above highlighting steps taken by the respondents to restrict entitlement to government services, benefits and subsidies to Aadhaar number holders. Furthermore, even though Aadhaar Project is envisaged to enhance the delivery of benefits and services, aspects of constitutionality, security of nation and fundamental rights of individuals cannot be ignored and lose sight of.

36. That the contents of para 7.17 of the counter affidavit are wrong and denied and those of paras 27, 28 & 29 of the writ petition are reiterated. In view of the submissions made heretofore, nothing further need be added.

37. That the contents of para 7.18 of the counter affidavit are wrong and denied and those of para 30 of the writ petition are reiterated. Even though no citizenship or domicile is conferred on Aadhaar card/number holder, yet the mere fact is that he/she is enrolled as a 'usual resident' of the country under the Aadhaar scheme entitles him/her to the plethora of Government subsidies/ services at par with citizens of India. This itself is wholly

unconstitutional and illegal, besides being completely irrational and arbitrary.

38. That the contents of para 7.19 of the counter affidavit are wrong and denied and those of para 31, 32 & 33 of the writ petition are reiterated. All the grounds taken in support of the writ petition in para 33 of the writ petition are strongly reiterated and it is stated that in view of the said grounds, the present writ petition deserves to be allowed.

39. That the contents of para 7.20 of the counter affidavit are wrong and denied. The writ petition deserves to be allowed, in terms of the prayer made.

40. That the contents of para 7.21 of the counter affidavit need no reply.

Place:

Date:

DEPONENT

VERIFICATION:-

Verified that the facts contained in my above affidavit are true and correct to my knowledge. No part of it is false and nothing has been concealed therefrom.

Place:

Date:

DEPONENT



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STANDING COMMITTEE ON FINANCE  
(2011-12)

FIFTEENTH LOK SABHA

MINISTRY OF PLANNING

Demands for Grants  
(2012-13)

FIFTY THIRD REPORT



LOK SABHA SECRETARIAT  
NEW DELHI

April, 2012, Vaisakha, 1934 (Saka)

**FIFTY THIRD REPORT**  
**STANDING COMMITTEE ON FINANCE**  
(2011-2012)  
(FIFTEENTH LOK SABHA)

MINISTRY OF PLANNING

**Demands for Grants**  
(2012-13)

*Presented to Lok Sabha on 24 April, 2012*  
*Laid in Rajya Sabha on 24 April, 2012*



LOK SABHA SECRETARIAT  
NEW DELHI

April, 2012, Vaisakha, 1934 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2011-12

Shri Yashwant Sinha - Chairman

**MEMBERS**

LOK SABHA

2. Shri Shivkumar Udasi
3. Shri Jayant Chaudhary
4. Shri Harishchandra Deoram Chavan
5. Shri Bhakta Charan Das
6. Shri Gurudas Dasgupta
7. Shri Nishikant Dubey
8. Shri Chandrakant Khaire
9. Shri Bhartruhari Mahtab
10. Shri Anjan Kumar Yadav M.
11. Shri Prem Das Rai
12. Dr. Kavuru Sambasiva Rao
13. Shri Rayapati S. Rao
14. Shri Magunta Sreenivasulu Reddy
15. Shri Sarvey Sathyanarayana
16. Shri G.M. Siddeswara
17. Shri N. Dharam Singh
18. Shri Yashvir Singh
19. Shri Manicka Tagore
20. Shri R. Thamaraiselvan
21. Dr. M. Thambidurai

RAJYA SABHA

22. Shri S.S. Ahluwalia\*
23. Shri Raashid Alvi\*
24. Shri Vijay Jawaharlal Darda
25. Shri Piyush Goyal
26. Shri Moinul Hassan\*
27. Shri Satish Chandra Misra
28. Shri Mahendra Mohan\*
29. Dr. Mahendra Prasad \*
30. Dr. K.V.P. Ramachandra Rao
31. Shri Yogendra P. Trivedi

SECRETARIAT

- |                                 |   |                  |
|---------------------------------|---|------------------|
| 1. Shri A.K. Singh              | - | Joint Secretary  |
| 2. Shri Ramkumar Suryanarayanan | - | Deputy Secretary |
| 3. Shri Kulmohan Singh Arora    | - | Under Secretary  |

\* Ceased to be the Member of the Committee consequent upon their retirement from Rajya Sabha w.e.f. 2 April, 2012

### INTRODUCTION

1. the Chairman of the Standing Committee on Finance, having been authorized by the Committee, present this Fifty-third Report (15th Lok Sabha) on the 'Demands for Grants (2012-13)' of the Ministry of Planning.
2. The Demands for Grants (2012-13) of the Ministry of Planning were laid on the Table of the House on 27 March, 2012.
3. The Committee took oral evidence of the representatives of the Ministry of Planning on 28 March, 2012.
4. The Committee considered and adopted this Report at their sitting held on 20 April, 2012. Minutes of the sittings of the Committee are given in appendix to the Report.
5. The Committee wish to express their thanks to the representatives of the Ministry of Planning for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2012-13).

New Delhi;  
20 April, 2012  
31 Chaitra, 1934 (Saka)

YASHWANT SINHA,  
Chairman,  
Standing Committee on Finance



## Report

## Part I

## I. ANALYSIS OF DEMANDS FOR GRANTS (2012-13)

## Introduction

1.1 The Planning Commission came into existence as per the Government of India Resolution of 15th March, 1950. It functions as an advisory Planning body at the apex level. The main function of Planning Commission is to make an assessment of the material, capital and human resources of the country and explore the possibilities of augmenting such of these resources as are found to be deficient in relation to the nations' requirements and to formulate a Plan for the most effective and balanced utilization of the country's resources. The Planning Commission also consults the Central ministries and the State Governments while formulating Five Year Plans and Annual Plans and also oversees their implementation.

1.2 The Ministry of Planning have presented its detailed Demands for Grants (2012-13 Demand No.74) in Lok Sabha on March 27, 2012. The Annual Plan 2012-13 outlay [Budget Estimates (BE)] of the Ministry is Rs.2177.03 crore of which Rs.419.03 crore is for normal activities, spread over the Central Sector Plan Schemes, and Rs.1758.00 crore for the programmes of Unique Identification Authority of India (UIDAI).

1.3 The actual expenditure incurred in 2010-11, Budget Estimates (BE)/Revised Estimates (RE) 2011-12 and BE 2012-13 are given below:—

(Rs. in crore)

Actual (2010-11)			Budget 2011-12			Revised 2011-12			Budget 2012-13		
Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
310.88	69.97	380.85	1600	76.00	1676.00	1330	76.00	1406.00	2100	77.03	2177.03

Statement showing Budget Estimates, Revised Estimates and actual expenditure for the past two years And Budget Estimates of the current financial year

Sl. No	Major Head	NAME OF THE SCHEME	(Rs. in thousands)						
			2010-11			2011-12			BE 2012-13
			BE	RE	Actuals	BE	RE	Actuals*	
REVENUE SECTION (PLAN)									
1	2203	New Initiative in Skill Development through PPP	10,00,00	8,41,00	5,21	8,41,00	6,81,00	16,99	8,00,00
2	2401	National Rainfed Area Authority				25,00,00	22,00,00	11,48,71	35,00,00
3	3451	Office of the Adviser to P.M on Public Information, Infrastructure & Innovations	5,00,00	3,25,00	88,66	7,00,00	10,00,00	3,43,97	24,00,00
4	3451	Office of the Adviser to P.M on Prime Minister's National Council on Skill Development							
5	3451	Modernization of Office Systems	4,50,00	5,10,00	2,25,54	10,10,00	6,60,00	1,97,31	6,00,00
	3451	Economic Advisory Council to the PM.	1,42,00	1,60,00	1,61,29	2,39,00	3,09,00	90,65	9,40,00
7	3454	Unique Identification Authority of India	17,19,50,00	7,45,66,00	1,72,61,32	7,50,00,00	7,50,00,00	6,21,43,15	13,00,00,00
8	3475	Grants-in-aid to Universities, Research Institutions etc.	2,10,00	2,10,00	2,00,07	2,10,00	2,10,00	1,77,28	2,10,00
9	3475	Expertise for Planning Process	4,40,00	3,85,00	2,09,24	5,49,61	4,49,61	2,30,75	6,30,00
10	3475	50 <sup>th</sup> Year Initiative for Planning	14,00,00	13,50,00	6,03,11				
11	3475	Strengthening Evaluation							

		Capacity in Government.	10,00,00	5,75,00	3,35,26	10,00,00	7,24,74	93,02	10,00,00
12.	3475	Plan Accounting & Public Finance Management System	9,88,00	9,19,00	3,72,23	9,51,00	19,01,00	13,76,01	1,30,00
13.	3475	Grant-in-aid to IAMR	5,50,00	5,50,00	5,50,00	7,71,39	2,75,65	2,75,65	15,00,00
14.	3475	Expert Group on Low Carbon Economy	2,00,00	50,00	--	2,00,00	2,00,00	0,42	2,00,00
15.	3475	Expert Group on Transport Policy	3,00,00	3,00,00	2,77,44	3,00,00	1,61,00	0,65	3,00,00
16.	3475	High Level Committee on Financing Infrastructure	--	--	1,50,00	2,00,00	2,00,00	--	1,00,00
17.	3475	Western Ghats Secretariat	--	--	--	50,00	50,00	37,71	70,00
18.	3475	Plan Formulation, Appraisal and Review	--	--	--	14,00,00	13,00,00	5,05,45	11,00,00
19.	3475	Independent Evaluation Office	--	--	--	--	--	--	15,00,00

\* provisional figures upto February 2012

Sl. No	Major Head	NAME OF THE SCHEME	2010-11			2011-12			BE 2012-13
			BE	RE	Actuals	BE	RE	Actuals*	
			REVENUE SECTION (PLAN)						
	3475	UNDP Assistance for Human Development towards inequalities.							4,50,00
21.	3601	UNDP Assistance for Capacity Development for Distt. Planning .	13,19,00	13,19,00	5,16,00	9,17,00	9,17,00	3,22,70	13,16,00
22.	3601	UNDP Assistance for Support to Livelihood	2,40,00	2,40,00	1,32,18	--	--	--	--

	Promotion Strategies								
CAPITAL SECTION (PLAN)									
1	4059	Unique Identification Authority of India(Capital Outlay on Public Works)	50,00,00	20,00,00	--	20,00,00	10,00,00	--	1,00,00
	5475	Unique Identification Authority of India	1,30,50,00	1,95,00,00	95,79,80	7,00,00,00	4,40,00,00	1,51,80,79	4,57,00,00
3	5475	Modernisation of Office Systems	10,61,00	5,50,00	3,29,90	10,61,00	6,00,00	1,37,94	8,00,00
4	5475	Plan Accounting & Public Finance Management System	2,00,00	1,50,00	91,38	1,00,00	5,61,00	4,98,01	50,00,00
TOTAL (PLAN)			20,00,00,00	10,45,00,00	3,10,88,63	16,00,00,00	13,30,00,00	8,29,57,27	21,00,00,00
REVENUE SECTION (NON- PLAN)									
1	3451	Department of Planning	42,00	42,00	31,38	42,00	42,00	24,48	49,00
2	3451	Planning Commission	48,17,00	59,81,00	58,11,88	62,28,00	62,28,00	56,04,23	63,24,00
3	3451	Programme Evaluation Office	4,80,00	6,00,00	5,18,47	7,15,00	7,15,00	5,55,17	7,15,00
4	3451	Departmental Canteen	43,00	43,00	36,03	45,00	45,00	35,73	45,00
	3475	Manpower Research Services to Govt. etc.	5,50,00	6,00,00	6,00,00	5,70,00	5,70,00	5,70,00	5,70,00
TOTAL (NON-PLAN)			59,32,00	72,66,00	69,97,76	76,00,00	76,00,00	67,89,61	77,03,00
Grand Total (PLAN + NON-PLAN)			20,59,32,00	11,17,66,00	3,80,86,39	16,76,00,00	14,06,00,00	8,97,46,88	21,77,03,00

\* provisional figures upto February, 2012



9.0 per cent targeted originally, but higher than the 7.8 per cent achieved in the Tenth Plan. The acceleration in the growth in the Eleventh Plan period compared with the Tenth Plan is modest, but it is nevertheless a good performance, given the fact that a severe global economic crisis depressed growth in two of these five years, and also that in the year 2009 India had the weakest monsoon in three decades. The slowdown in 2011-12 is a matter of concern, but can be reversed if the investment climate is turned around and fiscal discipline is strengthened.

#### *Inclusiveness*

The progress towards inclusiveness is more difficult to assess, because inclusiveness is a multidimensional concept. Inclusive growth should result in lower incidence of poverty, broad-based and significant improvement in health outcomes, universal access for children to school, increased access to higher education and improved standards of education, including skill development. It should also be reflected in better opportunities for both wage employment and livelihood, and in improvement in provision of basic amenities like water, electricity, roads, sanitation and housing. Particular attention needs to be paid to the needs of the SC/ST and OBC population. Women and children constitute a group which accounts for 70% of the population and deserves special attention in terms of the reach of relevant schemes in many sectors. Minorities and other excluded groups also need special programmes to bring them into the mainstream. To achieve inclusiveness in all these dimensions requires multiple interventions, and success depends not only on introducing new policies and government programmes, but on institutional and attitudinal changes brought about, which take time. A comprehensive assessment of outcomes on all these fronts during the Eleventh Plan is not possible at this point, because the data for recent years is still not available. However, available evidence suggests that there have been significant gains on many of these fronts, even though there are shortfalls in some areas on which further work is needed.

An important consequence of the focus on inclusion during the Eleventh Plan has been heightened awareness about inclusiveness and empowerment amongst people. A greater desire to access information about the rights and entitlements made available by law and policy, and eagerness to demand accountability from the public delivery systems augurs well for the future."

2.3 The Sectoral growth performance of the economy during the 11<sup>th</sup> Five Year Plan is given in Table below:



Table 1: Rate of Growth of GDP at Factor Cost at 2004-2005 Prices (per cent)

	2007-08	2008-09	2009-10PE	2010-11QE	2011-12AE	11th Plan AE
Agriculture, forestry & fishing	5.8	0.1	1.0	7.0	2.5	3.3
Mining & quarrying	3.7	2.1	6.3	5.0	-2.2	3.0
Manufacturing	10.3	4.3	9.7	7.6	3.9	7.2
Electricity, gas & water supply	8.3	4.6	6.3	3.0	8.3	6.1
Construction	10.8	5.3	7.0	8.0	4.8	7.2
Trade, hotels, transport & communication	10.7	7.6	10.3	11.1	11.2	10.2
Financing, insurance, real estate & business services	12.0	12.0	9.4	10.4	9.1	10.6
Community, social & personal services	6.9	12.5	12.0	4.5	5.9	8.4
GDP at factor cost	9.3	6.7	8.4	8.4	6.9	7.9

Source: CSO.

Notes: PE: Provisional Estimate, QE: Quick Estimate, AE: Advance Estimate.

2.4 When asked about the reason for not achieving the budgeted growth during the 11<sup>th</sup> Five Year Plan, the Ministry further stated as under:

"A severe global economic crisis depressed growth in two of these five years, and also that in the year 2009, India had the weakest monsoon in three decades. For the better part of the last two years of the Plan, the economy had to battle near double-digit headline inflation. The monetary and fiscal policy response during this period was geared towards taming domestic inflationary pressures. A tight monetary policy impacted investment and consumption growth. The fiscal policy had to absorb expanded outlays on subsidies and duty reductions to limit the pass-through of higher fuel prices to consumers. As a result growth moderated and the fiscal balance deteriorated."

### III 12<sup>th</sup> Five Year Plan

3.1 The Twelfth Five Year Plan launched with the budget proposals for 2012-13 address five critical issues to put the economy back on a high growth trajectory of 9 per cent. These are:

- Focus on domestic demand driven growth recovery;
- Create conditions for rapid revival of high growth in private investment;
- Address supply bottlenecks in agriculture, energy and transport sectors, particularly in coal, power, national highways, railways and civil aviation;
- Intervene decisively to address the problem of malnutrition especially in the 200 high-burden districts; and
- Expedite coordinated implementation of decisions being taken to improve delivery systems, governance, and transparency; and address the problem of black money and corruption in public life.

3.2 The Ministry further stated that the Planning Commission had set up 138 Working Groups and 29 Steering Committees to look into sectoral constraints and suggest measures that could be taken to achieve the targeted growth during the 12th Plan. All the Working Groups for the 12th Plan, barring a few, have submitted their reports. These reports of Working Groups are important inputs for the concerned Steering Committees which take their recommendations into account while finalising their report for the Planning Commission. The Steering Committees, except a few, are yet to submit their reports to the Planning Commission. Therefore, Planning Commission is not in a position to provide the details of the sector specific recommendations of Steering Committee at this stage.

3.3 During the course of oral evidence the Member Secretary, Planning Commission admitted before the Committee that after the approval of National Development Council (NDC) by June or July 2012, the shape of the 12<sup>th</sup> Plan will be visible.

3.4 When asked as to how to put the economy back on a high growth trajectory of 9 percent during the 12<sup>th</sup> five Year Plan, the Ministry of Planning in a written reply stated as under:

"The 9.0 per cent target requires a significant acceleration in growth in agriculture; in electricity, gas and water supply; and also in manufacturing. With agriculture and services continuing to perform well, India's slowdown can be attributed almost entirely to weak industrial growth. Government of India has brought out National Manufacturing Policy to redress the growth performance of manufacturing sector. The National Manufacturing Policy (NMP) targets to achieve manufacturing growth of 12-14% over the medium term so as to make it the engine for growth for the economy. NMP also lays down various initiatives that would help achieve the targeted manufacturing sector growth over medium term. While the aggregate figures for the last quarter of 2011-12 is not available yet, numerous indicators pertaining to this period suggest that the economy is now turning around. There are signs of recovery in coal, fertilisers, cement and electricity sectors. These are core sectors that have an impact on the entire economy. Indian manufacturing appears to be on the cusp of a revival."

#### IV AGRICULTURE SECTOR

4.1 The Agriculture sector occupies center-stage to promote inclusive growth, enhance rural incomes and sustain food security. An important sectoral target of the Eleventh Plan was to raise the rate of growth of GDP in agriculture to 4 percent from 2.5 per cent in the Tenth Plan. Higher agriculture growth was expected to contribute directly to the overall GDP growth and even more so to inclusiveness.

4.2 With about half of the rural population still dependent on agriculture for their livelihood, the objective of inclusive growth cannot be realized without revitalizing Agriculture Sector. Accordingly, the eleventh Plan places high priority to redress the issues and challenges in the agricultural sector. The agriculture sector, during 2011-12 has been allocated a GBS of Rs. 13,662 crore which is 4.07 per cent of the total GBS allocated to all Central Ministries/Departments in the AP2011-12. During 2011-12, allocation of Department of Agriculture and cooperation is pegged at Rs. 9,262.0 crore. This is an increase of 982.0 crore over 2010-11 BE. The budgetary provision to the

sector has laid focus on Horticulture (Rs. 2,950 crore), Rashtriya Krishi Vikas Yojana (Rs. 7,810.87 crore) and Macro Management of Agriculture (Rs. 780 crore). Similarly, Department of Agricultural Research & Education has been provided a plan outlay of Rs. 2,800 crore to complete, reorient and re-engineer the technology generation processes with a view to addressing location specific requirements and to improve linkages of Krishi Vigyan Kendra (KVK) with field dissemination programmes so as to bridge the knowledge deficit in the agriculture. The outlay for the Department of Animal Husbandry & Dairying has been increased from 1,300 crore during 2010-11 to Rs. 1,600 crore 2011-12 primarily for increasing per capita availability of milk, egg, meat and fish and also for intensifying R & D efforts for breed improvement and disease control.

4.3 Regarding Gross Capital Foundation in agriculture sector, the Ministry of Planning stated as under:

"Both public as well as private investments has witnessed sharp increase in last few years. In 2003-04 GCF formed 10.2% of the Agricultural GDP which has since increased to 20.3%. Figures of Gross Capital Formation in Agriculture Sector are presented in the following table:

Year	GDP of Agriculture, Forestry & Fishing at 2004-05 prices	GCF in Agriculture, Forestry & Fishing at 2004-05 prices			GCF in Agriculture as Percent of GDP from Agriculture		
		Public Sector	Private sector	Total	Public Sector	Private sector	Total
1	2	3	4	5	6	7	8
TENTH PLAN							
2004-05	565426	16187	59909	76096	2.9	10.6	13.4
2005-06	594487	19940	66671	86611	3.4	11.2	14.5
2006-07	619190	22987	67723	90710	3.7	10.9	14.6
ELEVENTH PLAN							
2007-08	655080	23255	81779	105034	3.5	12.5	16.0
2008-09	655689	22628	106031	128659	3.5	16.2	19.6



2009-10	662509	23637	109740	133377	3.6	16.7	20.3
Source: Press Release dated 31st Jan, 2012, 7th Feb 2012 and NAS 2011 of the Central Statistical Organisation							

## V BACKWARD REGIONS GRANT FUND (BRGF)

5.1 The Backward Regions Grant Fund (BRGF) was approved in 2006-07 to address the causes of backwardness more holistically than the standard Government programmes. It aims to help convergence and add value to other programmes such as Bharat Nirman and Mahatma Gandhi National Rural Employment Guarantee Programme, which are explicitly designed to meet rural infrastructure needs, but may need supplementation to address critical gaps which can come from the BRGF. The BRGF seeks to bring about focused development of identified backward districts by implementing programmes, selected through people's participation. Panchayati Raj Institutions (PRIs) at village, intermediate and district level are responsible for planning and implementation of BRGF in keeping with the letter and spirit of Article 243 G of the Constitution.

5.2 The BRGF has two components, namely, i) Districts component covering 250 districts of 27 States, administered by the Ministry of Panchayati Raj, and ii) Special Plans for (a) Bihar (b) KBK districts of Orissa and (c) West Bengal administered by the Planning Commission.

### **Districts Component:**

The District Component of the BRGF covers 250 districts which includes all the 147 districts covered by the erstwhile Rashtriya Sam Vikas Yojana (RSVY), 150 districts covered by the erstwhile National Food for Work Programme (NFFWP) and the 170 districts identified as backward on the basis of socio-economic variables by the Inter-Ministry Task Group (IMTG) on Redressing Growing Regional Imbalances, set up the Planning Commission in August, 2004. An allocation of Rs. 24110 crore has been made for this component during the Eleventh Five Year Plan period. During 2011-12, this allocation has been enhanced to Rs. 5050 core from Rs. 4670.04 crore for the year 2010-11 against which an amount of Rs. 1711.72 crore has been released by Ministry of Panchayati Raj till 16.12.2011.



### Special Plan:

#### (a) Bihar

The Special Plan for Bihar was formulated for implementation under Rashtriya Sam Vikas Yojana on 100 per cent Central Assistance basis to bring about improvement in sectors like power, road connectivity, irrigation, forestry and watershed development. Most of the projects are being implemented through Central agencies and the State Government is implementing only some of the projects through their Departments and also overseeing the implementation of all these projects. An allocation of Rs. 1000 crore per annum is being made for this component during the Eleventh Plan period. However, this allocation has been enhanced to Rs. 2000 crore for 2010-11 and Rs. 1468 crore for Annual Plan 2011-12.

#### (b) Special Plan for KBK Districts of Orissa:

The KBK region of Orissa comprises of the undivided Kalahandi, Bolangir and Koraput districts which have now been reorganized into eight districts, namely, Kalahandi, Nuapada, Bolangir, Sonepur, Koraput, Nabarangpur, Malkangiri and Rayagada. The Planning Commission has been providing Additional Central Assistance to this region since 1998-99. To make the planning and implementation process more effective, the State Government were advised to prepare a Special Plan for KBK region using a project based approach and innovative delivery and monitoring system. The State Government is accordingly preparing the Special Plan for the KBK districts since the year 2002-03. The Special Plan focuses on tackling the problems of drought proofing, livelihood support, connectivity, health, education etc. An allocation of Rs. 250 crore per annum was being made for this component during the Tenth Plan period. The same allocation is being protected during the Eleventh Plan period with annual allocation of Rs. 130 crore under the Districts Component of the Backward Region Grant Fund (BRGF). During the Annual Plan 2011-12, an amount of Rs. 130 crore has been allocated.

#### (c) Special Plan for West Bengal:

The Special Plan for West Bengal has been approved by the Government. It has been approved by the Government or which an amount of Rs. 8750 crore allocated as central assistance under the State Component of BRGF to address the developmental

needs of the backward regions of the State, through focused projects starting from the current financial year of 2011-12. The project proposals relate to Housing & Urban Development, Power, Water Supply & Sanitation, Health, Transport and Education.

5.3 When asked as to what strategies, priorities and allocation for the 12<sup>th</sup> Five Year Plan has been suggested by the Steering Committee for Rural Livelihoods and Rural Governance for BRGF, the Ministry of Planning in a written reply stated as under:

"The Steering Committee for Rural Livelihoods and Rural Governance has emphasized that the 12<sup>th</sup> Plan must adopt a new strategy regarding the Special Area Programmes based on the evaluations and feedback from the ground. The Steering Committee has further stated, in its Report, that while it is important for the Government to be sensitive to needs and aspirations of regions that feel a genuine grievance about being left out of the national mainstream development process, it is also equally important to devise robust and transparent criteria for inclusion of areas under the coverage of such programmes. The Steering Committee has strongly suggested that the implementation mechanism under the schemes should not in any way differ from that prescribed by the Planning Commission in its own Decentralized Planning Guidelines. The Steering Committee has suggested for continuation of various Area Programmes including BRGF with more funds during the 12<sup>th</sup> Plan Period."

#### VI THE MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME (MGNREGS)

6.1 The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims at enhancing the livelihood security of the people in rural areas by guaranteeing hundred days of wage employment in a financial year, to a rural household whose members volunteer to do unskilled manual work. The Act also seeks to create durable assets and strengthen the livelihood resource base of the rural poor. The choice of works suggested in the Act address causes of chronic poverty like drought, deforestation, soil erosion, so that the process of employment generation is on sustainable basis.

6.2 During the last 5 years of implementation of MGNREGS, the expenditure has always been more than 70% and therefore funds have not been underutilized. The expenditure incurred on the scheme during the last five years was Rs. 8823.35 crore in

2006-07, Rs. 15856.89 crore in 2007-08, Rs. 27250.10 crore in 2008-09, Rs. 37905.23 crore in 2009-10 and Rs. 39377.26 crore in 2010-11 respectively.

6.3 When asked as to whether the Government plans to change the format of the MGNREGS during the 12<sup>th</sup> Plan period, the Ministry of Planning in a written stated as under:

"The Working Group on MGNREGA for the 12<sup>th</sup> Five Year Plan was constituted by the Planning Commission to review its performance during the 11<sup>th</sup> Five year Plan and suggest strategies and allocations for the ensuing Five Year Plan as well as blueprint to reform aimed at improving performance of the programme in all respects. The Working Group submitted its report to the Steering Committee on Rural Livelihood and Rural Governance. The Steering Committee examined the Working Group report and made certain recommendations. In view of this, Ministry of Rural Development set up a Committee under Dr. Mihir Shah, Member, Planning Commission to examine ways in which the Operational Guidelines of MGNREGA could be revised so that the following concerns could be adequately addressed:

1. Expand the list of permissible works under MGNREGA in order to
  - a. Strengthen the synergy between MGNREGA and rural livelihoods, especially agriculture and allied sectors
  - b. Respond to the demands of the States for greater location specific flexibility in permissible works
  - c. Help improve the ecological balance in rural India and provide a cleaner, healthier environment to its people
2. Suggest procedural changes that would help strengthen the demand-driven character of MGNREGA, which is its real *differentia specifica*
3. Strengthen the participatory planning and implementation process under MGNREGA, so that the programme results in the creation of durable assets and an increase in farm productivity
4. Make changes that would infuse the programme with greater efficiency and help overcome the major complaints under the programme such as delays in payments of wages
5. Develop effective mechanisms for eliminating the scope of corruption under the programme

The Mihir Shah Committee has just submitted its draft report and same is on the website of the Ministry to seek suggestions and comments by 31.03.2012. Further, modification in the guidelines and other parameters

of the programme is a continuous process and changes are made from time to time in consultation with the State Governments, CSO and other stakeholders."

6.4 When asked about the corrective steps taken on the irregularities noticed in the implementation of the MGNREGS, the Ministry of Planning in a written reply stated as under:

"MGNREGA is implemented by the Ministry of Rural Development. Major challenges experienced during the implementation of MGNREGA are as under

- Lack of awareness about rights and entitlements and Workers' inability to submit written applications and demand.
- Non-maintenance of records like job cards, dated receipts, Muster Rolls.
- Non-placement of dedicated personnel affecting critical tasks like measurement
- Delay in wage payments
- Poor coverage of Banks and Post Offices
- Conduct and quality of social audits
- Slow grievance redressal
- Making assets more durable and productive without disturbing the 60:40 ratio through convergence.

To meet these challenges and to strengthen the implementation of Mahatma Gandhi NREGA and to ensure that more and more of the rural population is benefited, the Ministry of Rural Development has undertaken the following measures:

- (i) Awareness generation among rural population has been taken up through intensive IEC activities involving both print as well as electronic media.
- (ii) Administrative expenditure has been enhanced from 4% to 6% to enable the implementing agencies to appoint dedicated staff for effective implementation of the Act.
- (iii) ICT based MIS has been made operational to make data available to public scrutiny. The data includes Job cards, Muster rolls, Employment demanded and allocated, number of days worked, shelf of works, Funds available /funds spent and funds released to various implementing agencies, Social Audit findings, registering grievances and generating alerts for corrective action.
- (iv) In the light of the shortcomings in social audit under MGNREGA, the Ministry of Rural Development has published The MGNREG Audit of Schemes Rules, 2011 in the Gazette on 30.6.2011 for the purpose of much needed transparency under MGNREGA.



- (v) Payment of wages to MGNREGA workers has been made mandatory through their accounts in Banks/Post Office to infuse transparency in wage disbursement. An amendment to this effect has been made in para 31 of Schedule-II of the Act.
- (vi) Rolling out Biometric based ICT enabled real time transactions of MGNREGA workers to eliminate fake attendance and false payments.
- (vii) Periodic reviews in the Performance Review Committee meetings held on quarterly basis. State specific reviews are also undertaken.
- (viii) Independent Monitoring and verification by National Level Monitors and Eminent Citizens.
- (ix) Visit by members of Central Employment Guarantee Council.
- (x) State and district level Vigilance and Monitoring Committees have been set up and instructions have been issued for holding regular meetings of the Committees.
- (xi) Instructions have been issued directing all States to appoint Ombudsman at district level for grievance redressal in a time bound manner.

The Ministry had set up a Toll free National Helpline 1800110707 to enable the submission of complaints and queries to the Ministry for the protection of workers entitlements and rights under the Act.

## VII RESTRUCTURING OF CENTRALLY SPONSORED SCHEME

7.1 There were 155 Centrally Sponsored Schemes (CSSs) in operation during 2006-07, being the last year of the 10th Plan. After the first phase of Zero Based Budgeting (ZBB) exercise carried out at the beginning of the 11th Plan, 82 schemes were carried forward (after weeding/merger) in to the first year of 11th Plan (i.e. 2007-08). Also, 17 new CSSs were introduced, thus, taking the total number of CSSs to 99 for operation during 2007-08. The second phase of ZBB exercise was undertaken during April-June 2007. As a result, the 99 CSSs mentioned earlier were rationalized to 90 for carry forward into 2008-09. These 90 CSSs also included 11 CSSs which were split from 5 CSSs in operation during 2007-08. With the induction of 38 new CSSs, the total of CSSs for operation during 2008-09 had again gone up to 128. In nut shell, in spite of the policy to limit the number of CSSs, 55 new CSSs were introduced in the first two years of the 11th Plan (2007-08 and 2008-09).

7.2 At present 139 Centrally sponsored Schemes (CSS) with a total outlay of Rs. 157051.40 crore are being operated, out of which three schemes are being operated by the Ministry of Rural Development for directly benefiting the BPL in rural areas. The Ministry of Housing and Urban Poverty Alleviation administers one scheme,

namely Swarna Jayanti Shahari Rozgar Yojana (SJSRY) for improving the condition of urban BPL.

7.3 When asked about the steps taken to or proposed to be taken to restructure and rationalize the Centrally Sponsored Scheme, the Ministry of Planning in a written note stated as under:

"The Planning Commission had set up a Sub-Committee headed by Shri. B.K. Chaturvedi, Member, Planning Commission to look into the restructuring of CSS to enhance its flexibility, scale and efficiency. The Committee has submitted the report, which is under the consideration of the government".

7.4 It may be added here that the Finance Minister in his Budget Speech 2012-13 has stated that in implementing the 12<sup>th</sup> Plan, the recommendations made by the Expert Committee to streamline and reduce the number of Centrally Sponsored schemes would be kept in view.

#### VIII ESTIMATION OF POVERTY

8.1 The Planning Commission is the nodal agency for estimating the number and proportion of people living below the poverty line at national and States level, separately for rural and urban areas, makes poverty estimates based on a large sample survey of household consumption expenditure carried out by the National Sample Survey Organisation (NSSO) after an interval of five years approximately. The methodology for estimation of poverty has been reviewed from time to time. The Planning Commission constituted an Expert Group under the Chairmanship of Prof. Suresh D. Tendulkar in December, 2005 which submitted its report in December, 2009. The Expert Group has recommended Mixed Recall Period (MRP) equivalent of urban Poverty Line Basket (PLB) corresponding to then existing urban headcount ratio of 25.7 percent as the new reference PLB. The Committee has recommended that the rural poverty line should be recomputed to reflect money value in rural areas of the same PLB that is recommended as the new reference PLB for urban areas. The recomputed poverty estimates for the years 1993-94 and 2004-05 as recommended by the Tendulkar Committee have been accepted by the Planning Commission. As per Tendulkar Committee Report, the national Poverty line at 2004-05 prices is monthly per



capital consumption expenditure of Rs. 446.68 in the rural areas and Rs. 578.80 in urban areas. These poverty lines vary from state to state because of price differentials. The Tendulkar Committee has mentioned in its report that the proposed poverty lines have been validated by checking the adequacy of actual private expenditure per capita near the poverty lines on food, education and health by comparing them with normative expenditures consistent with nutritional, educational and health outcomes. In order to have two-point comparison of changes in head count ratio, the Expert Group has re-estimated poverty for 1993-94. The head count ratio for 1993-94 and 2004-05 as released earlier by the Planning Commission and on the basis of Tendulkar Methodology, are given below.

	Earlier released estimates based on Lakdawala Methodology		Estimates based on Tendulkar Methodology	
	1993-94	2004-05	1993-94	2004-05
Rural	37.3	28.3	50.1	41.8
Urban	32.4	25.7	31.8	25.7
Total	36.0	27.5	45.3	37.2

8.2 Even though the Tendulkar methodology gives higher estimate of headcount ratio for both the years 1993-94 and 2004-05, the extent of poverty reduction in comparable percentage point decline between 1993-94 and 2004-05, at the all-India level, is not different from that the earlier released estimates.

8.3 The Ministry of Planning in a written note stated that as per the Approach Paper to the Twelfth Five Year Plan, the economy is likely to achieve an average GDP growth of around 8.2 percent over the Eleventh Plan Period and the percentage of population living below the poverty line has declined by about 0.8 percentage points per annum between 1993-94 and 2004-05. The recently released estimates of poverty also indicate that the percentage of people below the poverty line has further declined from 37.2% in 2004-05 to 29.8% in 2009-10 with rural poverty declining by 8.0 percentage

points from 41.8 percent to 33.8 Percent and urban poverty declining by 4.8 percentage points from 25.7 percent to 20.9 percent.

8.4 On being asked as to how the Planning Commission had redefine the new poverty line when the Socio-Economic and Caste Census is still pending, the Ministry of Planning in a written reply stated as under:

"The estimation of poverty by the Planning Commission and identification of BPL families in rural and urban areas are two different exercises. The Planning Commission released estimates of poverty for 2009-10 based on the methodology recommended by Tendulkar Committee. The Socio-Economic and Caste Census (SECC), 2011 is being carried out for the purpose of identification of poor".

8.5 In a written note submitted to the Committee, the Ministry of Planning has stated to eliminate poverty by 2020 or latest by end of Thirteenth Five year plan 2021-22.

8.6 The Ministry further stated that the incidence of poverty declined from 55 percent in 1973-74 to 27.5 percent in 2004-05. The Eleventh Plan aims at reducing the poverty ratio by ten percentage points by the end of the Eleventh Plan. The Central vision of the Eleventh Plan is to trigger a development process, which ensures broad based improvement in the quality of life of the people, especially the poor, the Scheduled Castes and Scheduled Tribes, minorities, etc.

#### IX UNIQUE IDENTIFICATION AUTHORITY OF INDIA

9.1 This scheme is a Planning Commission initiative which envisages assigning a unique identification number to each resident in the country for better monitoring and targeting of government's social welfare schemes and poverty alleviation initiatives. It also aims at eliminating the need for multiple identification mechanisms prevalent across various government departments. Authority plans to issue 600 million UIDs over a period of five years. For this purpose, a budget provision of ₹ 1758.00 crore has been allocated for the Annual Plan 2012-2013. A major part of the budget provision for ₹ 715.00 crores is earmarked for 'Assistance to Registrars for Enrolling Residents'.

9.2 To a specific query that pending the legislative approval as to how the government is still continuing with the implementation and funding of Aadhar, the Ministry of Planning in a written reply stated as follows:

"The Unique Identification Authority of India (UIDAI) has been mandated to issue unique identification numbers (Aadhaar) to all the residents of India. UIDAI does not issue cards. The number is a proof of identity and not citizenship. UIDAI was authorized to enroll, through multiple registrars upto 200 million residents by March 2012. The initial phase of enrolling 200 million residents has already been completed. The Cabinet Committee on UIDAI has given its approval for enrolment of an additional 400 million residents by UIDAI through Multiple Registrars in 18 States/UTs as per Annexure-A. The residents are expected to be covered over the next 18 to 24 months. The remaining 600 million residents will be covered by Registrar General of India (RGI) under National Population Register (NPR) process.

The report of the Standing Committee on Finance on the National Identification Authority of India Bill, 2010 was presented by the Committee to the Lok Sabha on 13<sup>th</sup> December 2011 and laid in the Rajya Sabha on 13<sup>th</sup> December 2011. The Committee has, inter alia, given its observations on giving number to every resident and not restricting the Unique Identification Scheme to citizens, reliability of technology, legislative safeguards for data protection and duplication of work with National Population Register exercise. The Committee has conveyed its unacceptability of the National Identification Authority of India Bill, 2010 in its present form and has urged the Government to reconsider and review the UID scheme as also the proposals contained in the Bill with all its ramifications and bring forth a fresh legislation before Parliament. The recommendations are under consideration of the Government.

As regards the funds approved/proposed to be approved for the programme for 12th Plan Period, Planning Commission may address this issue. However, it may be mentioned that while Planning Commission decides the 12th Plan allocation, the outlay of INR 8,814.75 crore approved by CC-UIDAI for Phase III of the project (upto March 2017) and the proposal for EFC IV seeking an additional allocation of INR 5,061 crore due to the enhanced enrolment mandate may be kept in view."

#### X THE ROLE OF PLANNING COMMISSION

10.1 The Committee in their 35<sup>th</sup> Report on Demands for Grants (2011-12) of the Ministry of Planning inter-alia commented that while planning is very much relevant in India, the Planning Commission has to come to grips with the emerging social realities to reinvent itself to make itself more relevant and effective for aligning the planning process with economic reforms and its consequences, particularly for the poor. The

Committee further commented that the Government should constitute an Expert-Group immediately for evaluating the performance of the Planning Commission and redefining its role and objectives so as to relate the planning process to the life of the common man and its role in the implementation of programme and scheme.

10.2 The Ministry of Planning in their action taken reply inter-alia stated that the Planning Commission since its inception, has taken due care to sincere discharge of its duties and has been successful in meeting its obligations by way of formulating eleven five year plans, in addition to other well documented achievements. Planning Commission during the course of its working has been evolving its strategies by way of continuous internal assessment of its working. It has always kept itself abreast with the latest developments and aligned its policies in such a manner so as to keep the interests of poor in mind. As regards the suggestion of the Committee to set up an Expert Group for evaluating performance of the Planning Commission, the matter has been brought to the notice of the Competent Authority.

10.3 While examining the Demands for Grants (2012-13) of the Ministry of Planning to a specific query on the concrete steps taken for evaluating the role and performance of the Planning Commission by an Expert-Group, the Ministry of Planning stated that the matter had been brought to the notice of the Competent Authority for taking a decision in the matter.



Part II

## Observations/Recommendations

Analysis of Demands for Grants (2012-13)

1. The Committee note that in the plan provision of the Ministry of Planning for the year 2010-11, the actual expenditure was Rs. 310.88 crore as against the BE of Rs. 2000 crore which was later reduced to Rs. 1045 crore at RE stage. In the Year 2011-12 also the actual expenditure was Rs. 829.57 crore as against the BE of Rs. 1600 crore which was reduced to Rs. 1330 crore at RE stage. In their earlier report the Committee had expressed their displeasure on substantial and persistent underutilization of allocated funds. The Committee had pointed out the Ministry's failure in regard to appropriate projection of fund requirements in formulating budget estimates for programmes and schemes. The Committee are unhappy to note that the formulation of Budget for plan programmes/schemes of the Ministry of Planning has been reduced to an exercise of unrealistic estimates projection, underutilisation of funds and failure of plan programmes/schemes to absorb the allocated funds. The recurrent and substantial underutilisation of allocated funds shows that the efforts that have been made by the Ministry of Planning in this regard have been found to be ineffective. The Committee are surprised to note that only one meeting was held on 23.8.2011 to review the trend of expenditure during the first quarter of the year 2011-12 which reflect casual approach of the Ministry and desire that periodic/quarterly meetings should be held to review and constantly monitor the trend and progress of expenditure. The Committee reiterate that the Ministry of Planning should endeavour to be a role model for other Central Ministries/Departments in preparation of realistic budget estimates.

### Achievement of the 11<sup>th</sup> Five Year Plan

2. The objective of the 11<sup>th</sup> Five Year Plan was to achieve faster and more inclusive growth at a targeted GDP growth rate of 9 percent per annum. However, the Committee find that except during 2007-08, in none of the remaining four years the target was achieved. Sector such as Agriculture, Forestry, Fishing, Mining and Quarrying have recorded dismal growth rates. The reasons attributed for slow growth rate by the Ministry of Planning were severe global economic crisis, weak monsoon in 2009 and double-digit inflation, etc. The Committee are of the opinion that since there was a delay in the Mid-Term Appraisal of the 11<sup>th</sup> Plan Period, the Government could not take remedial measures in time to address the above factors to attain the targeted growth during the 11<sup>th</sup> Plan Period. The Committee hope the Government would be more serious and proactive to achieve the targeted growth rate during the 12<sup>th</sup> Plan Period and complete the Mid-Term Appraisal well in time before the second-half of the Plan period commences, so that meaningful corrective measures can be taken at the right time. The Committee, further, desire that a comprehensive assessment of outcomes of inclusive growth achieved during the 11<sup>th</sup> Plan Period be conducted at the earliest. The Committee be apprised of the action taken in this direction.



12<sup>th</sup> Five Year Plan

3. The Committee note that the 12<sup>th</sup> Five Year Plan has been launched with the Budget proposal for 2012-13 to address five critical issues to put the economy back on a high growth trajectory of 9 per cent. However, the 12<sup>th</sup> Five Year Plan is yet to be approved by the National Development Council (NDC) and the shape of the 12<sup>th</sup> Plan Period would be visible by June or July 2012, as admitted by the Member Secretary before the Committee. The Committee cannot but deprecate the lackadaisical manner of functioning of the Planning Commission in completing the procedural formalities of approval of the 12<sup>th</sup> Five Year Plan timely. Since the first financial year of the 12<sup>th</sup> Five Year Plan has already started, the Committee desire that the 12<sup>th</sup> Five Year Plan is finalized at the earliest so that there could be a synchronization of Budget proposal for the year 2012-13 with funds allocated for 12<sup>th</sup> Plan Period for core sectors/areas as identified. The Committee, further, desire that sectoral constraints noticed in the 11<sup>th</sup> Plan Period should be addressed for creating conducive policy environment for each sector of the economy so as to achieve the targeted growth during the 12<sup>th</sup> Plan.

#### Agriculture Sector

4. The Committee note that an important sectoral target of the 11<sup>th</sup> Plan was to raise the rate of growth in agriculture to 4 per cent from 2.5 per cent in the 10<sup>th</sup> Plan. As per advanced estimates, the rate of growth of GDP in agriculture during the 11<sup>th</sup> Plan Period is only 3.3 per cent, even though the Government has put in place various schemes and programmes to boost the agriculture sector. Moreover, the Gross Capital Formation (GCF) in agriculture and allied Sector in 2009-10 was Rs. 1,33,377 crore, of which the contribution of Public Sector was Rs. 23637 crore and of Private Sector was Rs. 109740 crore. This clearly shows that funds infusion by the Government in agriculture and allied sector was rather low. The Committee deplore this tokenism on the part of the Government, as about half of the rural population is still dependent on agriculture for their livelihood. The objective of inclusive growth cannot be realized without revitalizing agriculture sector and for which adequate investment is required to spur agriculture growth.

5. As commented upon by the Committee in their earlier reports, the Committee expect the Planning Commission to address the issues affecting agriculture and allied sectors with due seriousness on priority basis and formulate appropriate sectoral policies for the revival of agriculture sector.

Backward Regions Grant Fund (BRGF)

6. The Committee note that BRGF seeks to bring about focused development of identified backward districts by implementing programmes, selected through people's participation. It aims to help convergence and add value to other programmes such as Bharat Nirman and Mahatma Gandhi National Rural Employment Guarantee Programme etc., which are explicitly designed to meet rural infrastructure needs. The Committee feel that these programmes could not address the causes of backwardness in backward regions as intended. There is still wide variation in the economic performance across the States. The main reason for variation in the growth rate are unequal availability of basic infrastructure. The Committee, in agreement with the suggestion of the steering Committee for Rural Livelihoods and Rural Governance, desire that the Government should be sensitive to needs and aspirations of regions that feel a genuine grievance about being left out of the national mainstream and development process. The Committee further desire that there is a need for targeted intervention whereby backward regions are provided with more funds as well as technical support for meeting development expenditure viz. investment in rural infrastructure, primary education and health.

7. The Committee reiterate their earlier recommendation that expenditure data on rural infrastructure should be maintained and monitored in centralized manner to enable analysis of the progress made in this regard and desire convergence of BRGF, MGNREGA and Bharat Nirman followed by a well defined holistic district Plan for development of backward region including the specific programme for areas affected by naxalite extremism.

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

8. The Committee note that since its inception MGNREGS has been infested with numerous infirmities. During the last 5 years of implementation of MGNREGS, the expenditure have been reported to the tune of Rs. 8823.35 crores in 2006-07, Rs. 15856.89 crore in 2007-08, Rs. 27250.10 crore in 2008-09, Rs. 37905 in 2009-10 and Rs. 39377.26 crore in 2010-11 respectively on the scheme. However, the Committee are concerned that the aim of the scheme which was to enhance the livelihood security of the people in rural areas and to create durable assets is far from being fulfilled, inspite of substantial expenditure incurred so far. It is a matter of dismay that the Scheme could not make much impact on the rural economy due to reasons such as lack of awareness amongst rural people, delay in wage payments, poor coverage of Banks and Post Offices, non maintenance of records like job cards, dated receipts, muster rolls, slow grievance redressal, low creation of durable assets, poor conduct and quality of social audits etc. Since the 12<sup>th</sup> Plan Period has already been launched with the Budget Proposal of 2012-13, the Committee desire that the Government should make sincere efforts to strengthen the synergy between MGNREGS and agriculture and allied sectors to boost the rural economy. The Committee further desire that the infirmities noticed in the implementation of the Scheme since its inception should be addressed comprehensively and the evaluation study to be conducted by different research institutes in pursuance of the Committee's recommendation should be completed in a time bound manner.

### Restructuring of Centrally Sponsored Scheme

9. The Committee in their earlier reports had recommended that the plethora of schemes and programmes operating now should be streamlined and rationalized to manageable proportions. The Committee note that this has been accepted by the Government in principle as mentioned by the Finance Minister in his Budget Speech 2012-13 to streamline and reduce the number of Centrally Sponsored Schemes. The Committee are of the view that the current year, being the first year of the 12<sup>th</sup> Plan, it is the ripe time to restructure and rationalize the number of Centrally Sponsored Schemes to enhance their efficiency and scale.



### Estimation of Poverty

10. The Committee note that the Planning Commission is the nodal agency for estimating the number and proportion of people living below the poverty line at national and States level, separately for rural and urban areas. The methodology for estimation of poverty has been reviewed from time to time. The Committee note that the Planning Commission has declared the year 2020 or latest by end of 13<sup>th</sup> Five Year Plan (2021-22) as the target year for elimination of poverty based on the methodology/estimates of Lakdawala Committee. The Committee are surprised that even though the Planning Commission has accepted the recomputed poverty estimates for the year 1993-94 and 2004-05 as recommended by the Tendulkar Committee, which has given a higher estimate of poverty, they have fixed the target based on Lakdawala Committee's report. The Committee had in their earlier reports inter-alia emphasized on the need for overcoming the shortcomings in the estimation of BPL population and more particularly the divergence in the estimates of BPL population/poverty levels brought out by the Planning Commission. The Committee are at a loss to understand as to how the target for elimination of poverty will be achieved on the recomputed higher estimates. The Committee desire that more rigorous efforts should be made so that the target can be achieved by 2020.

Unique Identification Authority of India (UIDAI)

11. The Committee are unable to understand as to how the Government is still continuing with the implementation of Aadhar without the legislative approval and have allocated Rs. 1758 crore for the Scheme for the year 2012-13. The Committee in their 42<sup>nd</sup> Report on the 'National Identification Authority of India Bill 2010' has inter-alia given their observations on number of issues and has conveyed their unacceptability of the National Identification of Authority of India Bill, 2010 in its present form and has urged the Government to reconsider and review the UID Scheme and also the proposals contained in the Bill with all its ramifications and bring forth a fresh legislation before Parliament. The Committee, therefore, urge the Government to urgently address the issues identified/pointed out by the Committee in their report.

Role of Planning Commission

12. The Committee observe with dissatisfaction the evasive reply of the Ministry regarding evaluating performance of the Planning Commission by an Expert Group. The Committee can only observe that the Ministry of Planning/Planning Commission do not seem to be serious in its approach to evaluate the performance of Planning Commission and redefine its role and objective so as to make itself more relevant and effective for aligning the planning process with economic reforms and its impact, particularly for the poor. The Committee reiterate their earlier recommendation that the Government should constitute an Expert-Group for evaluating the performance of the Planning Commission and redefining its role and objectives at the earliest and action taken in this direction be apprised to the Committee.

New Delhi;  
20 April, 2012  
31 Chaitra, 1934 (Saka)

YASHWANT SINHA,  
Chairman,  
Standing Committee on Finance

# MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING COMMITTEE ON FINANCE (2011-12)

The Committee sat on Friday, the 20<sup>th</sup> April, 2012 from 1130 hrs to 1400 hrs.

## PRESENT

Shri Yashwant Sinha – Chairman

## MEMBERS

### LOK SABHA

2. Shri Gurudas Dasgupta
3. Shri Nishikant Dubey
4. Shri Chandrakant Khaire
5. Dr. Kavuru Sambasiva Rao
6. Shri Rayapati S. Rao
7. Shri Sarvey Sathyanarayana
8. Shri Yashvir Singh
9. Dr. M. Thambidurai

### RAJYA SABHA

10. Shri Satish Chandra Misra
11. Dr. K.V.P. Ramachandra Rao

### SECRETARIAT

- |    |                              |   |                  |
|----|------------------------------|---|------------------|
| 1. | Shri A.K. Singh              | – | Joint Secretary  |
| 2. | Shri Ramkumar Suryanarayanan | – | Deputy Secretary |
| 3. | Smt. Meenakshi Sharma        | – | Deputy Secretary |
| 4. | Shri Kulmohan Singh Arora    | – | Under Secretary  |

## Part I

(1130 hrs. to 1300 hrs.)

## WITNESSES

2.	XX	XX	XX	XX
	XX	XX	XX	XX

A verbatim record of proceedings was kept.

The witnesses then withdrew.

## Part II

(1300 hrs. to 1400 hrs.)

3. The Committee took up following draft Reports for consideration and adoption: -

- (i) Draft Report on Demands for Grants (2012-13) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment);
- (ii) Draft Report on Demands for Grants (2012-13) of the Ministry of Finance (Department of Revenue);
- (iii) Draft Report on Demands for Grants (2012-13) of the Ministry of Planning;
- (iv) Draft Report on Demands for Grants (2012-13) of the Ministry of Statistics and Programme Implementation; and
- (v) Draft Report on Demands for Grants (2012-13) of the Ministry of Corporate Affairs.

4. The Committee adopted the draft reports at Sl.nos. (iv) and (v) without any modification and those at Sl.nos. (i), (ii) and (iii) with minor modifications. The Committee authorised the Chairman to finalise the Reports in the light of the modifications suggested and present these Reports to Parliament.

The Committee then adjourned.

// TRUE COPY //



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STANDING COMMITTEE ON FINANCE  
(2012-13)

FIFTEENTH LOK SABHA

MINISTRY OF PLANNING

*[Action taken by the Government on the recommendations contained  
in Fifty Third Report on Demands for Grants (2012-13) of the  
Ministry of Planning]*

SIXTY SECOND REPORT



LOK SABHA SECRETARIAT  
NEW DELHI

December, 2012/ Agrahayana, 1934 (Saka)

**62**

STANDING COMMITTEE ON FINANCE  
(2012-13)

FIFTEENTH LOK SABHA

MINISTRY OF PLANNING

*[Action taken by the Government on the recommendations contained  
in Fifty Third Report on Demands for Grants (2012-13) of the  
Ministry of Planning]*

SIXTY SECOND REPORT



LOK SABHA SECRETARIAT  
NEW DELHI

December, 2012/ Agrahayana, 1934 (Saka)

## SIXTY SECOND REPORT

STANDING COMMITTEE ON FINANCE  
(2012-2013)

(FIFTEENTH LOK SABHA)

MINISTRY OF PLANNING

*[Action taken by the Government on the recommendations contained in  
Fifty Third Report on Demands for Grants (2012-13) of the Ministry of Planning]*

*Presented to Lok Sabha on 6 December, 2012*

*Laid in Rajya Sabha on 6 December, 2012*



LOK SABHA SECRETARIAT

NEW DELHI

December, 2012/ Agrahayana, 1934 (Saka)

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\* Not appended in the cyclostyled copy

## COMPOSITION OF STANDING COMMITTEE ON FINANCE ( 2012-13)

Shri Yashwant Sinha - Chairman

### MEMBERS

#### LOK SABHA

2. Shri Suvendu Adhikari
3. Dr. Baliram
4. Shri Udayanraje Bhonsle
5. Shri Nishikant Dubey
6. Shri Gurudas Dasgupta
7. Shri Rahul Gandhi
8. Shri Deepender Singh Hooda
9. Shri Chandrakant Khaire
10. Shri Bhartruhari Mahtab
11. Dr. Chinta Mohan
12. Shri Sanjay Brijkishorlal Nirupam
13. Shri Prem Das Rai
14. Shri S.S. Ramasubbu
15. Dr. Kavuru Sambaiva Rao
16. Shri Adv. A. Sampath
17. Vacant\*
18. Shri Thakur Anurag Singh
19. Dr. M. Thambidurai
20. Shri Shivkumar Udasi
21. Shri Dharmendra Yadav

#### RAJYA SABHA

22. Shri Naresh Agrawal
23. Shri Rajeev Chandrasekhar
24. Smt. Renuka Chowdhury
25. Shri Piyush Goyal
26. Shri Satish Chandra Misra
27. Dr. Mahendra Prasad
28. Shri Ravi Shankar Prasad
29. Shri P. Rajeeve
30. Shri Praveen Rashtrapal
31. Dr. Yogendra P. Trivedi

#### SECRETARIAT

- |                                 |                       |
|---------------------------------|-----------------------|
| 1. Shri A.K. Singh              | - Joint Secretary     |
| 2. Shri Ramkumar Suryanarayanan | - Additional Director |
| 3. Shri Kulmohan Singh Arora    | - Under Secretary     |

\* Shri Sarvey Sathyanarayana, MP ceased to be the Member of the Committee w.e.f 28.10.2012 consequent upon his induction to the Union Council of Ministers



## INTRODUCTION

1. I, the Chairman of the Standing Committee on Finance, having been authorised by the Committee, present this Sixty Second Report on action taken by Government on the recommendations contained in the Fifty Third Report of the Committee (Fifteenth Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Planning.

2. The Fifty Third Report (15<sup>th</sup> Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 24 April, 2012. Replies indicating action taken on all the recommendations contained in the Report were furnished by the Government on 27 September, 2012.

3. The Committee considered and adopted this report at their sitting held on 29 November, 2012.

4. An analysis of action taken by Government on the recommendations contained in the Fifty Third Report of the Committee is given in the Appendix.

5. For facility of reference, observations/recommendations of the Committee have been printed in thick type in the body of the Report.

New Delhi;  
4 December, 2012  
13 Agrahayana, 1934 (Saka)

YASHWANT SINHA  
Chairman,  
Standing Committee on Finance

## REPORT CHAPTER I

This Report of the Standing Committee on Finance deals with action taken by Government on the recommendations/observations contained in their Fifty-Third Report (Fifteenth Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Planning, which was presented to Lok Sabha on 24 April, 2012 and simultaneously laid in Rajya Sabha on the same day.

2. Action taken notes have been received from the Government in respect of all the 12 recommendations contained in the Report. These have been analysed and categorized as follows:

- (i) Recommendations/Observations that have been accepted by the Government:

Recommendation Nos. 1, 2, 3, 4, 5, 6, 7, 8, 10, 11 and 12

(Total: 11)

(Chapter II)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Nil

(Total : Nil)

(Chapter III)

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:

Recommendation No. 9

(Total: 1)

(Chapter IV)

- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:

Nil

(Total : Nil)

(Chapter V)

3. The Committee desire that the replies to the recommendations/observations contained in Chapter I may be furnished to them expeditiously.

4. The Committee will now deal with the action taken by the Government on some of their recommendations.

The Mahatma Gandhi National Rural Employment Guarantee Scheme  
(MGNREGS)

Recommendation (Serial No. 6)

5. The Committee recommended as under:

The Committee note that since its inception MGNREGS has been infested with numerous infirmities. During the last 5 years of implementation of MGNREGS, the expenditure have been reported to the tune of Rs. 8823.35 crores in 2006-07, Rs. 15856.89 crore in 2007-08, Rs. 27250.10 crore in 2008-09, Rs. 37905 in 2009-10 and Rs. 39377.26 crore in 2010-11 respectively on the scheme. However, the Committee are concerned that the aim of the scheme which was to enhance the livelihood security of the people in rural areas and to create durable assets is far from being fulfilled, inspite of substantial expenditure incurred so far. It is a matter of dismay that the Scheme could not make much impact on the rural economy due to reasons such as lack of awareness amongst rural people, delay in wage payments, poor coverage of Banks and Post Offices, non maintenance of records like job cards, dated receipts, muster rolls, slow grievance redressal, low creation of durable assets, poor conduct and quality of social audits etc. Since the 12th Plan Period has already been launched with the Budget Proposal of 2012-13, the Committee desire that the Government should make sincere efforts to strengthen the synergy between MGNREGS and agriculture and allied sectors to boost the rural economy. The Committee further desire that the infirmities noticed in the implementation of the Scheme since its inception should be addressed comprehensively and the evaluation study to be conducted by different research institutes in pursuance of the Committee's recommendation should be completed in a time bound manner.

6. The Government, in their action taken reply stated as follows:

"The observations are noted. The measures taken to improve implementation of MGNREGS and address infirmities include the following:

(i) In consultation with the Comptroller & Auditor General of India, MGNREGS Audit of Schemes Rules, 2011 have been notified. All States have been asked to put in place a robust Social Audit Mechanism as out lined in these Rules.

(ii) With a view to ensuring timely payment, infusing transparency and enhancing the integrity of wage payment, Schedule II of MGNREG Act has been amended to make wage disbursement to MGNREGS workers through institutional accounts in Banks or Post Offices a statutory requirement unless specifically exempted.

(iii) To strengthen the institutional outreach for wage disbursement, it has been decided that the State Governments should roll out the Business Correspondent Model to make wage payment through Banks with Bio-metric authentication at village level.

(iv) Permissible administrative expenditure limit was enhanced from 4% to 6% for deployment of dedicated staff for MGNREGS, strengthening management and administrative support structures for social audit, grievance redressal and Information and Communication Technology (ICT) infrastructure.

(v) ICT based MIS has been made operational to make data available to public scrutiny including job cards, muster rolls, employment demanded and number of days worked, shelf of works, funds available/spent, social audit findings, registering grievances etc.

(vi) Instructions have been issued directing all States to appoint Ombudsman at district level for grievance redressal.

(vii) The mechanism of State and district level Vigilance and Monitoring Committees is available for monitoring of the scheme.

(viii) States have been instructed to establish and operationalise, State Employment Guarantee Funds for greater flexibility in management of funds for MGNREGS.

The evaluation of MGNREGS will be completed in a time bound manner, as suggested."

7. The Committee note that the Government has taken a number of measures to improve the implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and to address infirmities which includes Social Audit Mechanism, wage disbursement through institutional accounts in Banks or post-offices with Bio-metric authentication at village level, appointment of ombudsman for grievance redressal, etc. The Committee desire that while evaluating MGNREGS, the Government should assess the impact of the scheme on agricultural activities, number of assets created, quality of assets and how these assets are benefiting the villages. The Committee further desire that use of machines for manual labour particularly for earth digging purposes during

harsh summer months and in cold hilly areas should also be considered while reviewing the scheme during the 12<sup>th</sup> Plan Period. The Committee thus recommend that the Government should enhance the efficiency, scale and scope of the MGNREGS during the Plan period and also explore the feasibility of including urban areas in the ambit of the scheme. They also suggest that the Government should ensure timely payment of wages. The Committee hope the evaluation report on the scheme will be completed soon and the Committee apprised about the same.

#### Restructuring of Centrally Sponsored Scheme

Recommendation (Serial No. 7)

8. The Committee recommended as under:

The Committee in their earlier reports had recommended that the plethora of schemes and programmes operating now should be streamlined and rationalized to manageable proportions. The Committee note that this has been accepted by the Government in principle as mentioned by the Finance Minister in his Budget Speech 2012-13 to streamline and reduce the number of Centrally Sponsored Schemes. The Committee are of the view that the current year, being the first year of the 12th Plan, it is the ripe time to restructure and rationalize the number of Centrally Sponsored Schemes to enhance their efficiency and scale.

9. In their action taken reply, the Ministry of Planning, have stated as under:

"Planning Commission had set up a sub-committee to look into the issue of restructuring of Centrally Sponsored Scheme (CSS) to enhance their flexibility, scale and efficiency under the chairmanship of Shri. B. K. Chaturvedi, Member, Planning Commission. The recommendations of the sub-committee are being processed for due approvals and will be taken forward in the Twelfth Five Year Plan."

10. The Committee note that Planning Commission had set up a Sub-Committee under the Chairmanship of Shri B.K. Chaturvedi, Member, Planning Commission to look into the issue of restructuring of Centrally Sponsored Schemes and the recommendations of the Sub-Committee are being processed for approvals and would be taken forward in the 12<sup>th</sup> Five



Year Plan. The Committee would thus expect the Government to restructure these schemes accordingly.

### Estimation of poverty

#### Recommendation (Serial No. 8)

11. The Committee recommended as under:

"The Committee note that the Planning Commission is the nodal agency for estimating the number and proportion of people living below the poverty line at national and States level, separately for rural and urban areas. The methodology for estimation of poverty has been reviewed from time to time. The Committee noted that the Planning Commission has declared the year 2020 or latest by end of 13th Five Year Plan (2021-22) as the target year for elimination of poverty based on the methodology/estimates of Lakdawala Committee. The Committee are surprised that even though the Planning Commission has accepted the recomputed poverty estimates for the year 1993-94 and 2004-05 as recommended by the Tendulkar Committee, which has given a higher estimate of poverty, they have fixed the target based on Lakdawala Committee's report. The Committee had in their earlier reports, inter-alia emphasized on the need for overcoming the shortcomings in the estimation of BPL population and more particularly the divergence in the estimates of BPL population/poverty levels brought out by the Planning Commission. The Committee are at a loss to understand as to how the target for elimination of poverty will be achieved on the recomputed higher estimates. The Committee desire that more rigorous efforts should be made so that the target can be achieved by 2020."

12. In their action taken note the Ministry of Planning have submitted as below:

"A note on 'Advance Planning for subsequent Five Year Plans' was submitted to the Hon'ble Committee where a write up was given under the sub-head 'Elimination of poverty by 2020 or latest by the end of 13th Five year Plan 2021-22'. It is submitted that various poverty amelioration measures being undertaken were outlined in the said note. This caption of the one of the sections of the Note was genesis in the Report of the Committee on India Vision 2020 prepared under the chairmanship of Dr. S.P. Gupta in December, 2002 which stated that "the compound effect of achieving the targeted annual GDP growth rate of 8.5 to 9 per cent over the next 20 years would result in quadrupling of the real per capita income and almost eliminating the percentage of Indians living below the poverty line." This was a projection based on available information in 2002 and predicted on several conditions indicating a growth rate of 8.5 to 9 percent between 2002-2020. The Report was an internal document and was a

background for further discussions on poverty estimates in the 10th and 11th Five Year Plan. It is clarified that the caption is not further amplified in the succeeding paragraph of the write up and, was inadvertently included. This is regretted.

It is clarified that the poverty figures based on Lakdawala Committee methodology mentioned in the said Note was in the context of 11th Five Year Plan wherein it was aimed at reducing the poverty ratio by 10 percentage points by the end of the 11th Five Year Plan. The Note also brings out the various initiatives taken by the Government as a part of development strategy to achieve a significant rate of reduction in the poverty.

The Tendulkar Committee submitted its Report in December, 2009 and re-worked the poverty estimates for 1993-94 and 2004-05. The Tendulkar Committee estimated that the head count poverty ratio which was 45.3% in 1993-94 had come down to 37.2% in 2004-05 as against the Lakdawala Committee poverty estimates of 36% and 27.5% respectively. The Tendulkar Committee concluded that both the sets of poverty estimates are not comparable because of different methodologies used. The revised poverty estimates by the Tendulkar Committee were in fact a new goalpost. The Mid-Term Appraisal of the 11th Five Year Plan also mentions this fact. While reporting both the poverty estimates it was brought out in the Mid-Term Appraisal that irrespective of whether we use the "old" method or the new method, the percentage of population below the poverty line has declined by about the same magnitude. Therefore, it is submitted that the reference of Vision 2020 only reiterates the Government's commitment to the reduction of poverty. The 11th Five Year Plan was based on the strategy of inclusive growth with the ambitious target of reducing the head count ratio of consumption poverty by 10 percentage points during the Plan period 2007-12. As a result of the concerted efforts, the rate of reduction of poverty has also increased, as is evident from the latest poverty estimates based on the methodology of Tendulkar Committee i.e. the poverty has come down from 45.3% in 1993-94 to 37.2% in 2004-05 and further to 29.8% in 2009-10. The Approach Paper to the 12th Five Year Plan focusses on the strategy by faster, sustainable and more inclusive growth which reflects that the planning process continues to accelerate the rate of poverty reduction, especially among the people who are at the bottom of the strata.

The methodology for estimation of poverty followed by the Planning Commission has been based on the recommendations made by the experts in the field from time to time. Planning Commission, in June 2012, has constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan to "Review the Methodology for Measurement of Poverty". The composition of the Expert Group and its Terms of Reference are as under:

## Composition

1. Dr. C. Rangarajan, Chairman Prime Minister's Economy Advisory Council	Chairman
2. Dr. Mahendra Dev, Director, Indira Gandhi Institute of Development Research	Member
3. Dr. K. Sundaram, Former Professor, Delhi School of Economics	Member
4. Dr. Mahesh Vyas, MD & CEO Centre for Monitoring Indian Economy	Member
5. K.L. Datta, Former Adviser (Perspective Planning), Planning Commission	Member Convener

## Terms of Reference

- i. To comprehensively review the existing methodology of estimation of poverty and examine whether the poverty line should be fixed solely in terms of a consumption basket or whether other criteria are also relevant, and if so, whether the two can be effectively combined to evolve a basis for estimation of poverty in rural and urban areas.
- ii. To examine the issue of divergence between consumption estimates based on the NSSO methodology and those emerging from the National Accounts aggregates; and to suggest a methodology for updating consumption poverty lines using the new consumer price indices launched by the CSO for rural and urban areas state-wise.
- iii. To review alternative methods of estimation of poverty, which may be in use in other countries, including their procedural aspects; and indicate whether on this basis, a particular method can be evolved for empirical estimation of poverty in India, including procedures for updating it over time and across states.
- iv. To recommend how the estimates of poverty, as evolved above, should be linked to eligibility and entitlements for schemes and programmes under the Government of India."

13. The Committee are constrained to note that the Planning Commission, which is the nodal agency for estimating the number and population of people below the poverty line at national and states level, has faulted in providing credible information to the Committee on a fair estimation of levels of poverty across the Country and the prospects of achieving the target of elimination of poverty by 2020. The Committee would like to point

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out that time and again they have emphasized on the need for overcoming the shortcomings in the methodology of estimation of BPL population and ironing out the discrepancies and divergence in the various estimates of BPL population/poverty levels.

14. In this context, the Committee note that an expert Committee under the Chairmanship of Dr. C. Rangarajan has been constituted to review the methodology for the measurement of poverty. The Committee may be apprised about the progress made in this regard.

Unique Identification Authority of India (UIDAI)

Recommendation Serial No. 9

15. The Committee recommended as under:

"The Committee are unable to understand as to how the Government is still continuing with the implementation of Aadhar without the legislative approval and have allocated Rs. 1758 crore for the Scheme for the year 2012-13. The Committee in their 42<sup>nd</sup> Report on the 'National Identification Authority of India Bill 2010' has inter-alia given their observations on number of issues and has conveyed their unacceptability of the National Identification Authority of India Bill, 2012 in its present form and urged the Government to reconsider and review the UID Scheme and also the proposals contained in the Bill with all its ramifications and bring forth a fresh legislation before Parliament. The committee, therefore, urge the Government to urgently address the issue identified/pointed out by the Committee in their report."

16. The Ministry of Planning, in their action taken reply stated as follows:

"1. The UID project has been envisioned to provide a unique identity to every resident in India which will be the foundation for better delivery of public services and targeted subsidies. The project has a bias towards the developmental agenda for promoting more inclusive growth. The purpose of the UID project is to promote inclusion and benefit marginalized sections of society who have no formal proof of identity vis-à-vis. the State and hence experience difficulties in accessing various welfare schemes that are implemented by the Government of India and State Governments. The key



role of the UID number is that of an enabler – a number that helps governments design better welfare programs, enables residents to access resources and services more easily wherever they live, and allows agencies and programs – such as the NREGA, PDS, SSA – to deliver benefits and services effectively and transparently. The number will, thus, be an identity infrastructure and the foundation over which multiple services and applications can be built for the resident. The consent of the individual is obtained before enrolment into the UID system.

2. UIDAI has set up a security framework and implemented security policies and procedures in line with the Government policies and circulars. The strategic control of the data lies with the UIDAI and the Data Centre operations are headed by officers of the rank of Joint Secretary and Director. The process followed by the UIDAI for enrolments is clearly defined. Verification of data is done through three modes- document based verification; through introducers and through the NPR process of public scrutiny. The processes at the time of enrolment include capturing the operator biometrics (which is verified at backend at the time of processing data for generation of aadhaar). In case of enrolments through the introducer based system (which is followed in case of persons with no documents), the 'introducers' are authorized by the registrars and may include local Government officials and elected representatives. These enrolments through introducers, while enabling enrolments for those who do not have any documents, do not compromise the robustness of the process. The process of introduction has been designed to be technologically non-repudiable, as the introducer has to have his/her own Aadhaar number and he/she puts up his/her electronic thumb impression on the enrolment record of the person being introduced.

3. The enrolment is being done under the control and supervision of Registrars, including Registrar General of India, who is one of the Registrars of the UIDAI, by hiring enrolment agencies (who are private agencies). Data digitization and biometric enrolment for RGI are also being carried out by private agencies.

4. The Authority has also addressed concerns on misuse of Aadhaar information for possible profiling and tracking of individuals. Profiling of individuals is not possible in the UIDAI system, as in the definition of demographic information in the Bill, it has been clearly stated that the information to be collected will not include any profiling information, such as on race, religion, caste, tribe, ethnicity, language, income or health. Tracking and surveillance is also not supported in the UID system.

5. UIDAI accepts documents for those who have some kind of documents which can work as proof of identity and proof of address. For those who have no documents (there are a large number of persons in India who fall in this category) the concept of 'introducers' has been introduced. These 'introducers' are authorized by the registrars and may include local Government officials and elected representatives. Enrolments through



introducers, while enabling enrolments for those who do not have any documents, do not compromise the robustness of the process. The process of introduction has been designed to be technologically non-repudiable as the introducer has to have his/her own Aadhaar number and he/she also has to put his/her electronic thumb impression on the enrolment record of the person being introduced. The third method is the NPR process. There will be only one ID number for one person in the Aadhaar system. Hence, there is an incentive for a resident to give correct information at the enrolment stage itself.

6. As per the Government's latest decision, UIDAI would, through its multiple Registrars, enroll 60 crore people in States /UTs where UIDAI has already commenced work. In the remaining States, NPR will collect the biometric data. In the event of any discrepancy between the NPR and UIDAI database, NPR data will prevail. Once the UIDAI programme is fully rolled out and Aadhaar numbers are issued to all residents, it would only be made a necessary condition for availing public benefits and services. The purpose of Aadhaar is not to identify beneficiaries under different programmes. This would continue to be the responsibility of States/Line Ministries of the Government. Aadhaar would eliminate the possibility of a person getting double benefits under the same programme or getting benefit even if he is not entitled. This in itself is likely to save substantial public resources.

7. In respect of Finance Minister's Budget announcement regarding roll out of Aadhaar enabled payments in at least 50 selected districts within six months, UIDAI is pursuing the matter with a clear plan of action. Department of Financial Services will draw up a roadmap for convergence of their financial inclusion initiative with Aadhaar so as to ensure its utility to the Aadhaar enabled payment system for disbursement of social security benefits. They will also examine ways to facilitate opening of bank accounts for all individual Aadhaar holders.

Legal Issues: M/o Law & Justice as well as the Attorney General of India have opined that action to enroll residents by UIDAI in terms of the executive notification issued on 28.1.2009 is valid. However, the Government is pursuing the proposal for enacting legislation as it is felt that a regulatory structure supported by a legal framework would assist in more effective functioning of the UID Authority. Particularly, any violations of security and privacy of UID data on the part of any of the stakeholders that may arise in the future, could be dealt with in a more rigorous and firm manner under a defined legal mechanism which would be possible by enacting the proposed NIDAI Bill."

17. The Committee are surprised at the Planning Commission's silence on their recommendation to address the key issues identified/pointed out by the Committee in their Report on the 'National Identification Authority of

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India Bill, 2010'. The Committee would reiterate their earlier recommendation that the Government should urgently address the various shortcomings/issues pointed out by the Committee in their earlier report and bring forth a fresh legislation before Parliament.

New Delhi;  
4 December, 2012  
13 Agrahayana, 1934 (Saka)

YASHWANT SINHA  
Chairman,  
Standing Committee on Finance

# MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON FINANCE (2012-13)

The Committee sat on Thursday, the 29<sup>th</sup> November, 2012 from 1530 hrs to 1730 hrs.

## PRESENT

Shri Yashwant Sinha - Chairman

## MEMBERS

### LOK SABHA

2. Dr. Baliram
3. Shri Rahul Gandhi
4. Shri Deepender Singh Hooda
5. Shri Bhartruhari Mahtab
6. Shri Sanjay Brijkishorlal Nirupam
7. Shri Prem Das Rai
8. Shri S.S. Ramasubbu
9. Shri Thakur Anurag Singh
10. Dr. M. Thambidurai
11. Shri Shivkumar Udasi

### RAJYA SABHA

12. Shri Piyush Goyal
13. Dr. Mahendra Prasad
14. Shri Praveen Rashtrapal

### SECRETARIAT

- |                                 |   |                     |
|---------------------------------|---|---------------------|
| 1. Shri A. K. Singh             | - | Joint Secretary     |
| 2. Shri Ramkumar Suryanarayanan | - | Additional Director |
| 3. Shri Sanjay Sethi            | - | Under Secretary     |

2. The Committee took up the following draft Reports for consideration and adoption: -

- (i) Draft Report on action taken by the Government on the recommendations contained in the Fifty First Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment);
- (ii) Draft Report on action taken by the Government on the recommendations contained in the Fifty Second Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Finance (Department of Revenue);

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- (iii) Draft Report on action taken by the Government on the recommendations contained in the Fifty Third Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Planning;
- (iv) Draft Report on action taken by the Government on the recommendations contained in the Fifty Fourth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Statistics and Programme Implementation; and
- (v) Draft Report on action taken by the Government on the recommendations contained in the Fifty Fifth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Corporate Affairs.

3. The Committee adopted the draft reports at Sl. no. (iv) without any modification and those at Sl. nos. (i), (ii), (iii) and (v) with modifications. The Committee also authorized the Chairman to present all the Reports to Parliament in the current session.

The Committee adjourned at 1730 hours.

## APPENDIX

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE  
RECOMMENDATIONS CONTAINED IN THE FIFTY THIRD REPORT OF THE  
STANDING COMMITTEE ON FINANCE (FIFTEENTH LOK SABHA) ON DEMANDS  
FOR GRANTS (2012-2013) OF THE MINISTRY OF PLANNING

	Total	% of Total
(i) Total number of Recommendations	12	
(ii) Recommendations/observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 10, 11 and 12)	11	91.66
(iii) Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies	NIL	0.00
(iv) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations at Sl. No. 9)	NIL	8.34
(v) Recommendation/observation in respect of which final reply of the Government is still awaited	NIL	0.00

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ANNEXURE P-18

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STANDING COMMITTEE ON FINANCE  
(2012-13)

FIFTEENTH LOK SABHA

MINISTRY OF PLANNING

Demands for Grants  
(2013-14)

SIXTY NINTH REPORT



LOK SABHA SECRETARIAT  
NEW DELHI

April, 2013, Vaisakha, 1935 (Saka)

**SIXTY NINTH REPORT**  
**STANDING COMMITTEE ON FINANCE**  
**(2012-2013)**

(FIFTEENTH LOK SABHA)

MINISTRY OF PLANNING

### Demands for Grants (2013-14)

Presented to Lok Sabha on 22 April, 2013

*Laid in Rajya Sabha on 22 April, 2013*



LOK SABHA SECRETARIAT  
NEW DELHI

April, 2013, Vaisakha, 1935 (Saka)

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## COMPOSITION OF STANDING COMMITTEE ON FINANCE (2012-13)

Shri Yashwant Sinha - Chairman

LOK SABHA

## MEMBERS

2. Shri Suwendu Adhikari
3. Dr. Baliram
4. Shri Sudip Bandyopadhyay\*
5. Shri Udayanraje Bhonsle
6. Shri Nishikant Dubey
7. Shri Gurudas Dasgupta
8. Shri Rahul Gandhi
9. Shri Deepender Singh Hooda
10. Shri Chandrakant Khaire
11. Shri Bhartruhari Mahtab
12. Dr. Chinta Mohan
13. Shri Sanjay Brijkishorlal Nirupam
14. Shri Prem Das Rai
15. Shri S.S. Ramasubbu
16. Dr. Kavuru Sambasiva Rao
17. Shri Adv. A. Sampath
18. Shri Thakur Anurag Singh
19. Dr. M. Thambidurai
20. Shri Shivkumar Udasi
21. Shri Dharmendra Yadav

RAJYA SABHA

22. Shri Naresh Agrawal
23. Shri Rajeev Chandrasekhar
24. Smt. Renuka Chowdhury
25. Shri Piyush Goyal
26. Shri Satish Chandra Misra
27. Dr. Mahendra Prasad
28. Shri Ravi Shankar Prasad
29. Shri P. Rajeeve
30. Shri Praveen Rashtrapal
31. Dr. Yogendra P. Trivedi

SECRETARIAT

- |                                 |   |                     |
|---------------------------------|---|---------------------|
| 1. Shri A.K. Singh              | - | Joint Secretary     |
| 2. Shri Ramkumar Suryanarayanan | - | Additional Director |
| 3. Shri Sanjay Sethi            | - | Deputy Secretary    |
| 4. Shri Tenzin Gyaltsen         | - | Committee Officer   |

\*Nominated as Member of the Standing Committee on Finance w.e.f 13<sup>th</sup> December, 2012.

### INTRODUCTION

1. I, the Chairman of the Standing Committee on Finance, having been authorized by the Committee, present this Sixty- Ninth Report (15th Lok Sabha) on the 'Demands for Grants (2013-14)' of the Ministry of Planning.

2. The Demands for Grants (2013-14) of the Ministry of Planning were laid on the Table of the House on 13 March, 2013.

3. The Committee took oral evidence of the representatives of the Ministry of Planning on 20 March, 2013.

4. The Committee considered and adopted this Report at their sitting held on 16 April, 2013. Minutes of the sittings of the Committee are given in appendix to the Report.

5. The Committee wish to express their thanks to the representatives of the Ministry of Planning for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2013-14).

New Delhi;  
16 April, 2013  
26 Chaitra, 1935 (Saka)

YASHWANT SINHA,  
Chairman,  
Standing Committee on Finance.



## REPORT

## Part - I

## I. ANALYSIS OF DEMANDS FOR GRANTS (2013-14)

Introduction

1.1 The Planning Commission came into existence as per the Government of India Resolution of 15<sup>th</sup> March, 1950. It functions as an advisory Planning body at the apex level. The main function of Planning Commission is to make an assessment of the material, capital and human resources of the country and explore the possibilities of augmenting such of these resources as are found to be deficient in relation to the nations requirements and to formulate a Plan for the most effective and balanced utilization of the country's resources. The Planning Commission also consults the Central ministries and the State Governments while formulating Five Year Plans and Annual Plans and also oversees their implementation.

1.2 The Ministry of Planning have presented its detailed Demands for Grants (2013-14 Demand No.75) in Lok Sabha on March 13, 2013. The total budget allocation of the Ministry for the year 2013-14 for plan and non-plan expenditure is Rs. 8,081.51 crore, of which Rs. 81.51 crore is for non-plan. Out of Rs. 8,000 crore for plan expenditure, Rs. 5,000 crore is for 'New Programmes', Rs. 2,620 crore for the programmes of Unique Identification Authority of India (UIDAI) and Rs. 380 crore for normal activities, spread over the Central Sector Plan Schemes.

1.3 The actual expenditure incurred in 2011-12, Budget Estimates (BE) / Revised Estimates (RE) 2012-13 and BE 2013-14 are given below:—

Actual (2011-12)			Budget 2012-13			Revised 2012-13			(Rs. in crore)		
Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total	Budget 2013-14		
									Plan	Non Plan	Total
1257.81	70.56	1328.37	2100	77.03	2177.03	1542	74.18	1616.18	8000	81.51	8081.51

STATEMENT SHOWING SCHEME-WISE BUDGET ESTIMATES, REVISED ESTIMATES AND ACTUAL EXPENDITURE FOR THE PAST THREE YEARS AND BUDGET ESTIMATES FOR THE CURRENT FINANCIAL YEAR IN RESPECT OF PLAN EXPENDITURE

Sl. No	NAME OF THE PLAN SCHEME	2010-11			2011-12			2012-13			BE 2013-14
		BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	
	New Initiative in Skill Development through PPP	100000	84100	521	84100	68100	6129	80000	16000	3436	
2	National Rainfed Area Authority	--	--	--	250000	220000	152111	350000	266000	69998	315000
3	Office of Adviser to PM on Public Information, Infrastructure & Innovations	50000	32500	8866	70000	100000	36995	240000	155000	26114	240000
4	Office of Adviser to PM on Prime Ministers National Council on Skill Development	--	--	--	--	60000	26556	60000	61500	34519	80000
5	Strengthening Office Processes and Systems (earlier name MOOS)	151100	106000	55544	207100	126000	30552	174000	76000	10388	105200
6	Economic Advisory Council to the P.M	14200	16000	16129	23900	30900	21217	26900	32600	19283	32900
7	Unique Identification Authority of India	19000000	9606600	2684112	14700000	12000000	11875286	17580000	13500000	8875782	26200000
8	International Transport Forum	6500	6500	2392	5000	5000	2600	3000	3000	2854	3000
9	Research & Study (earlier name GIA to Univ. & Research Instl. for Research Institutional Dev. etc.)	21000	21000	20007	21000	21000	20627	21000	20900	15124	82600
10	Expertise for Planning Process	37500	32000	18532	49961	39961	24171	60000	60000	32446	
11	50th Year Initiative in Planning	140000	135000	60311	--	--	--	--	--	--	
12	Strengthening Evaluation Capacity in Government.	100000	57500	33526	100000	72474	12433	100000	61500	14511	
13	Public Finance Management System (earlier name	118800	106900	46361	105100	246200	189351	1800000	791100	94049	2539900

	PA&PFMS)											
14	Grants-in-aid to National Labour Economics and Skill Development Institute (formerly IAMR)	55000	55000	55000	77139	27565	27565	1500	1500	--	1500	
15	Expert Group on Low Carbon Economy	20000	5000	--	20000	20000	49	20000	20000	210	--	
16	Expert Group on Transport Policy	30000	30000	27744	30000	16100	12565	30000	30000	--	--	
17	High Level Committee on Financing Infrastructure	--	--	15000	20000	20000	--	10000	--	--	--	
18	Western Ghats Secretariat	--	--	--	5000	5000	3823	7000	6500	4034	--	
19	Plan Formulation, Appraisal and Review	--	--	--	140000	130000	61251	110000	107500	24384	258900	
20	Independent Evaluation Office	--	--	--	--	--	--	150000	110000	--	100000	
21	UNDP Assistance for Human Development towards bridging inequalities	--	--	--	--	--	--	45000	35000	--	40000	
22	UNDP Assistance for capacity Development for District Planning	131900	131900	51600	91700	91700	75167	131600	65900	27289	--	
23	UNDP Assistance for Support to Livelihoods Promotion Strategies	24000	24000	13218	--	--	--	--	--	--	--	
24	UNDP assisted project "Strengthening Decentralized Planning for Inclusive Development (SDPID)"	--	--	--	--	--	--	--	--	--	--	10
25	New Programmes - Central Plan	--	--	--	--	--	--	--	--	--	--	500000
Total		20000000	10450000	3108863	16000000	13300000	12578148	21000000	15420000	9254421	800000	

\* Provisional figures upto January, 2013

## II. UNIQUE IDENTIFICATION AUTHORITY OF INDIA (UIDAI)

2.1 This Scheme is a Planning Commission initiative which envisages assigning a unique identification number to each resident in the country for better monitoring and targeting of government's social welfare schemes and poverty alleviation initiatives. It also aims at eliminating the need for multiple identification mechanisms prevalent across various government departments.

2.2 A provision of Rs. 2,620 crore has been allocated in BE (2013-14) for Unique Identification Authority of India (UIDAI) and a major part of the budget provision for Rs. 1,040 crore is earmarked for 'Enrolment Authentication and Updation', out of which an amount of Rs. 1,000 crore has been earmarked under the head "other charges".

2.3 The Committee in their 42<sup>nd</sup> Report (15<sup>th</sup> Lok Sabha) on the 'National Identification Authority of India Bill 2010' had inter-alia given their observations on number of issues and urged the Government to reconsider and review the UID Scheme and also the proposals contained in the Bill with all its ramifications and bring forth a fresh legislation before Parliament.

2.4 The Committee in their 53<sup>rd</sup> report (15<sup>th</sup> Lok Sabha) expressed their concern as to how the Government was still continuing with the implementation of Aadhar without the legislative approval and had allocated Rs. 1,758 crore for the Scheme for the year 2012-13. The Committee, therefore, urged the Government to urgently address the issues identified/pointed out by the Committee in their report.

2.5 The Committee in their 62<sup>nd</sup> report (15<sup>th</sup> Lok Sabha) reiterated their earlier recommendation and desired that the Government should urgently address the various shortcomings/issues pointed out by the Committee in their earlier report and bring forth a fresh legislation before Parliament.

### III. PRODUCTIVE EMPLOYMENT AND SKILL DEVELOPMENT

3.1 In the context of employment and skill development, the 12<sup>th</sup> Plan document *inter alia* mentions as under :

"Generation of productive and gainful employment with decent working conditions on a sufficient scale to absorb the growing labour force was a critical element in the Eleventh Plan strategy for achieving inclusive growth. The Eleventh Plan aimed at bringing the overall unemployment down by generating new work opportunities exceeding the projected addition to the labour force. The results of National Sample Survey (NSS) 66<sup>th</sup> round (2009-10) indicate that 18 million new work opportunities were created on Current Daily Status (CDS) basis between 2004-05 and 2009-10. The unemployment in absolute terms came down by 6.3 million and the unemployment rate declined to 6.6 per cent in 2009-10 for the first time since 1993-94, after increasing to 7.31 per cent in 1999-2000 and 8.28 per cent in 2004-05. On Usual Principal & Subsidiary Status (UPSS) basis also, during the same period, the unemployment rate declined to 2 per cent in 2009-10 from 2.3 per cent in 2004-05. The overall labour force expanded by just 11.7 million. The increase in labour force was lower compared to previous years. This, however, is a positive development as it can be attributed to higher retention of the young in schools and colleges, and also lower distress labour participation by working age women as family incomes improved in both rural and urban areas".

".....The Eleventh Five Year Plan while focusing on utilisation of the human resources for economic growth, recognised that skill building is not a static process and that individual's skills needs to be upgraded continuously for workforce to remain relevant and employable. To realise this, Coordinated Action on Skill Development was initiated in 2008 which provides for a three tier governance structure, namely Prime Minister's Council on Skill Development as apex body for policy direction to be supported by National Skill Development Coordination Board (NSDCB) in Planning Commission for coordinating and synergising the efforts of the various central ministries that are involved in the skill development and National Skill Development Corporation for catalysing private sector efforts in the skill development. During the Eleventh Plan most of the states have set up state skill development missions for focused and synergised approach for scaling up of skill efforts in respective states. A National Policy on Skill Development was also formulated in 2009 which focuses on policy coherence, inclusivity, improving the quality with emphasis on employment outcomes. The government has, therefore, put in place a governance structure for implementation of skill initiatives at highest level and the policy for providing an enabling environment and framework to address the challenges of skill development....."



....The National Skill Development Policy formulated in 2009 envisions empowering all individuals through improved skills, knowledge, and nationally and internationally recognised qualification to gain access to decent employment and ensure India's competitiveness in the global market.

3.2 As regards the issues and priorities in the context of skill development, the 12<sup>th</sup> Plan document mentions that there is an urgent need to mainstream skill formation in the formal education system and at the same time innovative approaches for the skill creation outside the formal education system. Although the Coordinated Action on Skill Development has brought about a paradigm shift in addressing the issues of relevance in skill development, the gaps in the skill development are to be identified so as to achieve the objectives in terms of quantity, quality, outreach and mobility while building on the foundation. The workforce not only needs to be trained to meet the requirement of all sectors and all kinds of jobs but also linking them to job opportunities and market realities. This would facilitate transformation of young population into a productive workforce engaged in economic activities and not unproductive activity.

3.3 The 12<sup>th</sup> Plan document also mentions that mainstreaming gender through Gender Budgeting is one of the key elements for Gender Equity to be addressed in the Twelfth Plan. In the context of skill development of women, the document also mentions as under :

"One of the major impediments affecting women's participation in the workforce, particularly in secondary and tertiary sectors, is the lack of skills. The Twelfth Plan envisages a major scaling up of skill development.... This must be accompanied by special efforts to promote skill development of women from traditional skills to emerging skills, which help women break the gender stereotypes and move into employment requiring higher skill sets. Training of women as BPO employees, electronic technicians, electricians, plumbers, sales persons, auto drivers, taxi drivers, masons, and so on, will be incorporated in the skill development programmes. Skill development would be seen as a vehicle to improve lives and not just livelihoods of women. The curriculum should therefore include inputs that help women to assert themselves individually and collectively."

3.4 When asked as to why India is unable to create enough productive jobs and what blueprint has been drawn by Planning Commission to create more jobs with

economic and social security, the Ministry of Planning in a written reply stated as under :

"India has experienced an average growth rate of 7.9% in the Eleventh Five Year Plan. However, this growth did not lead to substantial increase in employment opportunities due to:

- (i) limited flexibility in managing the workforce,
- (ii) high cost of complying with labour regulations,
- (iii) skill mismatch; and
- (iv) preponderance of the unorganized sector.

The NSSO 66<sup>th</sup> Round 2009-10 data exhibits a shift in the employment status. As per the NSSO latest quinquennial survey 2009-10, the number of regular salaried workers has increased from 69.7 million in 2004-05 to 75.1 million in 2009-10. On the other hand, the number of self-employed has decreased from 258.4 million in 2004-05 to 232.7 million in 2009-10 while the number of casual labourers increased from 129.7 million in 2004-05 to 151.3 million in 2009-10. In other words the percentage of self-employed among the total workforce decreased from 56.4% in 2004-05 to 50.7% in 2009-10 and the percentage of regular salaried workers increased from 15.2% to 16.4%, while that of the casual labourers increased from 28.3% to 33% during this period.

**Number of Workers According to Usual Status (PS+SS) Approach by Broad Employment Status (Million Workers)**

	1999-00	2004-05	2009-10
Self employed	209.3 (52.6)	258.4 (56.4)	232.7 (50.7)
Regular/Salaried employees	58.2 (14.6)	69.7 (15.2)	75.1 (16.4)
Casual labour	130.3 (32.8)	129.7 (28.3)	151.3 (33.0)

Source: compiled from NSSO 55<sup>th</sup>, 61<sup>st</sup> and 66<sup>th</sup> rounds, sourced from Twelfth Plan Document

The employment strategy of the Government spelt out in the 12<sup>th</sup> Plan Document focuses on:

- Increasing manufacturing sector growth to 12-14 per cent over the medium term to make it the engine of growth, contributing to at least 25% of GDP by 2025;
- Creation of appropriate skills set among rural migrant and urban poor to make growth inclusive;

- Identifying labour intensive sectors for special thrust for generating more employment particularly in industries such as textiles and garments, leather and footwear, gems and jewellery, food processing, etc.
- Promoting the MSME sector by providing access to risk capital, technology, etc.
- Encouraging cluster approach by creating National Investment Manufacturing Zone (NIMZ);
- Enhancing skill levels of workers and making training needs conform to industrial requirements through Sector Skills Councils, changing the Apprenticeship Act to make it more relevant to the times, setting up tool rooms through PPP for improving the training capacity both quantitatively and qualitatively;
- Simplifying and rationalizing labour laws.

Further in the Union Budget Speech 2013-14, the Finance Minister has indicated that a comprehensive and integrated social security package involving life-cum-disability cover, health cover, and maternity assistance and pension benefit would benefit the unorganized sector workers. The Finance Minister has proposed convergence among the various stakeholder Ministries/Departments for evolving a comprehensive social security package".

3.5 As per the Budget speech of Finance Minister 2013-14, the Government has set an ambitious target of skilling 50 million people in the 12<sup>th</sup> plan period including 9 million in 2013-14. On being asked about the budgetary allocation made by the Government for skill development programme for the year 2013-14, the Ministry of Planning in a written reply stated as follows :

"As skill development initiatives are undertaken by various Central Ministries/Departments as well as State Governments and private entities, comprehensive allocation of funds for skill development is not mentioned in the 12<sup>th</sup> Plan document. The total outlay for 2013-14 in respect of major schemes relating to skill development and vocational training implemented by the Ministry of Labour & Employment and some other Ministries is Rs. 3694.18 crore. In addition, there are schemes of other Ministries/Departments where only a part of the outlay is devoted to skill development; however, the break-up of the training component under such schemes is not available. Moreover, the Finance Minister in his Budget Speech 2013-14 has mentioned that funds will be released by the National Rural Livelihood Mission and the National Urban Livelihood Mission to be spent on skill development activities. He further suggested starting of a new scheme with Rs. 1000 crore to provide monetary reward of Rs. 10,000 to about 10 lakh

youth to join skill development programmes under the NSDC to be trained through any institution or body offering training courses".

3.6 In response to a query as to whether there is any plan to involve private sector in imparting skill training to 50 million people during the 12<sup>th</sup> Five Year Plan, the Ministry in a written reply stated as follows :

"As part of Coordinated Action on Skill Development, the National Skill Development Corporation (NSDC) under Ministry of Finance has been created for catalysing private sector efforts in the skill development and training. As on 31.1.2013, the NSDC Board has approved 77 training proposals and 18 Sectors Skills Councils (SSCs). SSCs consist of representation from Industry Member, Government Bodies, Industry Associations, Business Leader and Training Providers to ensure participation of all ecosystem stakeholders. In addition, the Ministry of Labour and Employment is also implementing a scheme for upgradation of 1,396 Government ITIs into Centres of Excellence in PPP mode with the underlying objective of improving the quality of vocational training wherein industry partners are involved through the Institute Management Committees (IMCs)".

3.7 On further being asked as to whether the target of providing and imparting skill training to 50 million people seems unrealistic, keeping in view the past performance of this programme, the Ministry stated as under :

"The target of skilling 50 million persons is based on the target of creation of 50 million job opportunities in the non-farm sector during the 12<sup>th</sup> Plan period, which has been identified as a core indicator for the 12<sup>th</sup> Plan. Planning Commission is urging all Central Ministries/ Departments and State Governments to achieve this objective by undertaking necessary action which inter alia includes expanding coverage and outreach of skill development schemes, improving the training infrastructure both in terms of quantity and quality and systemic reforms. The NSDC is also initiating a Rs. 40 crore national communications campaign to promote skills approved by its Board".

3.8 In the context of skill targets for 12<sup>th</sup> Plan, the Plan document mentions as under :-

"During the Twelfth Five Year Plan (2012-17), 50 million non-farm employment opportunities are proposed to be created and at least equivalent number of people would be provided skill certification. The existing annual training capacity in the country is 4.5 million. It needs to be more than doubled to achieve the target".



#### IV. STREAMLINING AND RESTRUCTURING OF CENTRALLY SPONSORED SCHEMES (CSSs)

4.1 Centrally Sponsored Schemes (CSSs) refer to specific purpose schemes which are funded by the central government and implemented by states or other local agencies. These schemes were originally instituted to redress development concerns of national importance. For this purpose through the conduit of CSS, schematic support is provided by the central government for subjects that constitutionally fall within the domain of states.

4.2 The Standing Committee on Finance in their 32<sup>nd</sup> Report (15<sup>th</sup> Lok Sabha) had *inter alia* recommended that the plethora of schemes and programmes operating should be streamlined and rationalized to manageable proportions. The Committee were informed that Planning Commission had set up a Sub-Committee under the Chairmanship of Shri B. K. Chaturvedi, Member, Planning Commission to look into the issues of restructuring of Centrally Sponsored Schemes. The Sub-Committee submitted its report on 30 September, 2011. The Committee in their 53<sup>rd</sup> Report (15<sup>th</sup> Lok Sabha) desired that 2012-13 being the first year of the 12<sup>th</sup> Plan, it was the ripe time to restructure and rationalize the number of Centrally Sponsored Schemes to enhance their efficiency and scale. The Committee were informed that the recommendations of the Sub-Committee were being processed for approvals and would be taken forward in the 12<sup>th</sup> Five Year Plan. The Committee in their 62<sup>nd</sup> Report (15<sup>th</sup> Lok Sabha) expected the Government to restructure the Schemes on the basis of recommendations of the Sub-Committee.

4.3 In the context of the restructuring of Centrally Sponsored Schemes, the 12<sup>th</sup> Plan document *inter alia* mentions as under :

"In view of the scarcity of resources, it is essential to take bold steps to improve the efficiency of public expenditure through plan programmes. To this end the Planning Commission had established a Committee under Member, B. K. Chaturvedi to make recommendations for rationalisation and to increase efficiency of Centrally Sponsored Schemes (CSSs) and for improving their efficiency. There has been a proliferation of CSS over the years, many of which are quite small. The Chaturvedi Committee had recommended that the number of CSSs should be drastically reduced and the guidelines under which the schemes are implemented should be made much more flexible.



The recommendations have been discussed with the Ministries and the States and have generally been welcomed. It is proposed to implement these recommendations with effect from 2013-14".

4.4 Asked on the status of restructuring the Centrally Sponsored Schemes (CSSs), the Ministry of Planning in a written reply stated as under :

"Planning Commission has considered the recommendations of the B.K. Chaturvedi Committee report and a note is being moved by Planning Commission for the approval of the Cabinet".

4.5 In the context of inability of certain States to provide their share to have access of required funds under CSSs, the Chaturvedi Committee Report mentions as under:

"The number of States, particularly the North-East States, Bihar and Jharkhand have often represented that they have limitation of resources and are not able to provide State's share to enable them to access the required funds under CSS. This is particularly important for schemes like SSA, where the counterpart funds are to the extent of 35% and the sector is extremely critical for every State. Simultaneously, it is also important to ensure that the States have adequate financial participation to ensure a sense of ownership of the scheme by them..."

4.6 The Finance Minister in his Budget Speech 2013-14 has also mentioned that Government is concerned about the proliferation of Centrally Sponsored Schemes (CSSs) and Additional Central Assistance (ACA) Schemes. They were 173 in number at the end of the 11<sup>th</sup> Plan. The schemes will be restructured into 70 Schemes and each scheme will be reviewed once in two years. Central funds for the schemes will be given to the States as part of central plan assistance. In 2013-14, it is expected to transfer resources to the tune of Rs. 5,87,082 crore to the States and UTs under share of taxes, non-plan grants and loans, and central assistance.

## V. SUSTAINABLE GROWTH

5.1 While the 11<sup>th</sup> Five Year Plan was aimed at 'Faster & More Inclusive Growth', in the 12<sup>th</sup> Plan 'sustainability' has added to make it 'Faster, More Inclusive & Sustainable Growth'.

5.2 As regards sustainable development, the 12<sup>th</sup> Plan document *inter alia* mentions as under :

"Sustainable Development, as defined by the Brundtland Commission in 1987, is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

.....Human activities result in significant environmental changes that cause damage to species, ecosystems and ecological processes. Preservation of the integrity of these ecological components is critical, considering they provide the bio-physical base necessary for human life, such as water, land, air, forests, biodiversity and so on.....

India needs to adopt low carbon strategies in order to improve the sustainability of its growth process, while carbon mitigation will be an important co-benefit. The focus areas deserve special attention, and physical achievement targets need to be fixed and monitored at the highest level. We need to sustain over 7 per cent growth for the next twenty years, if we are to meet the rising aspirations of our people and become a genuine middle income country that provides a decent standard of living to all its citizens. To achieve this dream, pursuit of low carbon strategies is essential, as otherwise, sustainability and energy insecurity would itself become a constraint on our growth process.

Globally, India's policy goal of achieving sustainable development is guided by the principle of 'common but differentiated responsibility' (CBDR). India is one of the countries that prefer an 'aspirational' rather than a mandatory or 'prescriptive' approach. India feels the issue of sustainable development should be approached with a sense of equity, and the development aspirations of the developing countries should be built into the green economy principles being evolved at the international level.

If development has to be sustainable, we need to innovate, invest and improve our planning processes at the national, state and local levels".

5.3 On being asked as to what extent sustainability is built into the 12<sup>th</sup> Five Year Plan, the Ministry in a written reply stated as under:

"Sustainable growth has two dimensions viz. the human aspect and the environmental aspect. The first is achieved through improving health, providing education & safe drinking water and the second through protection of environment. A greater attention has been given to both the dimensions in the Twelfth Five Year Plan and clear strategies and policy initiatives have been identified in the Plan to achieve the objective of sustainable growth.

The Planning Commission has undertaken a systematic process of 'scenario planning' based on diverse views and disciplines to understand the interplay of the principal forces, internal and external, shaping India's progress. This analysis suggests three alternative scenarios of how India's economy might develop titled, 'Strong Inclusive Growth', 'Insufficient Action' and 'Policy Logjam'.

.....The Twelfth Plan does not present a single growth projection. Instead, it recognises that growth outcomes will depend upon the extent to which we are able to take the difficult decisions needed to generate inclusive growth. In this context, the Plan identifies an aspirational **Scenario 1** of "strong inclusive growth", in which the economy is projected to grow at about 8 percent per year based on successful policy interventions at multiple leverage points which will generate virtuous circles.

**Scenario 2** of "Insufficient Action" is one where policies move in the right direction, but are not fully implemented: in this case, growth will be limited to between 6 and 6.5 percent with correspondingly lower progress on inclusiveness. The Plan also refers to a **Scenario 3** which is described as "Policy Logjam". This is the Scenario where there is very little progress on the different decisions identified. In this case, growth will be stuck between 5 and 5.5 percent. The Plan document emphasizes that Scenario 1 is the only scenario that will meet the aspirations of the people.

The projection of 8 per cent growth in the Twelfth Plan period should not be viewed as a 'business as usual' outcome that can be realised with relatively little effort. It is in fact a projection of what is possible if we take early steps to reverse the current slowdown and also take other policy actions needed to address other key constraints that will otherwise prevent the economy from returning to a higher growth path. Failure to act firmly on these policies will lead to lower growth and also poorer outcomes on inclusiveness".

## VI. ENERGY SECTOR

6.1 India is the fourth largest consumer of energy in the world after USA, China and Russia but it is not endowed with abundant energy resources. It must, therefore, meet its development needs by using all available domestic resources of coal, uranium, oil, hydro and other renewable resources, and supplementing domestic production by imports. High reliance on imported energy is costly given the prevailing energy prices which are not likely to soften; it also impinges adversely on energy security.

6.2 Energy is a vital input for production and rapid growth of GDP will need to be supported by an increase in energy consumption. This is especially so in India, where large sections of the population are still without adequate access to energy.

6.3 On being asked about the new approach and direction in the 12<sup>th</sup> Plan as compared to the 11<sup>th</sup> Plan regarding energy sector, upon which the growth of the whole economy depends, the Ministry of Planning in a written note stated as under :

".....According to the Twelfth Plan document, the growth in the commercial energy during the 11<sup>th</sup> Plan period has been at 6.25% as compared to 5.01% during the previous plan period. In terms of the absolute numbers, it grew from 396.32 mtoe at the end of 10<sup>th</sup> Plan to 536.59 mtoe at the end of the 11<sup>th</sup> Plan period. The sector-wise achievements details during the 11<sup>th</sup> Plan period are as under:

- (i) **Electricity Generation (BU):** The growth in the electricity generation from utilities during the 11<sup>th</sup> Plan period was at 5.51% against the 9.1% set in the original 11<sup>th</sup> Plan target. Against a target of electricity generation from utilities of 1,038 Billion Units (BU), the actual generation has been at 876.88 BU during the 11<sup>th</sup> Plan period, which lead to a shortfall of 16%.
- (ii) **Coal Production (MT):** The target for coal production at the end of the 11<sup>th</sup> period was initially set at 680 million tonnes and revised downwards to 630 million tonnes at the time of the MTA. However, the actual achievement of coal production was 540 MT. This is 109 MT higher than the production level of 431 MT in 2006-07. Demand in 2011-12 i.e. the terminal year of 11<sup>th</sup> Plan was 640 MT, leading to a demand supply gap of 100 MT, which was met by imports.
- (iii) **Gas Production (BCM):** The actual natural gas production during the 11<sup>th</sup> Plan period was 212.54 billion cubic meter (BCM) as against the



production target of 250 BCM, implying a shortfall of about 15% in 11<sup>th</sup> Plan period.

**Twelfth Plan Strategy :** The target of total domestic commercial energy during the 12<sup>th</sup> Plan terminal year (2016-17) has been projected at 481.84 mtoe with a growth of 6.91% over the 11<sup>th</sup> Plan period. The sector wise details for the 12<sup>th</sup> Plan are as under:

- (i) **Electricity generation:** the electricity generation is likely to grow at 9.1% to 1,403 BU at the end of the 12<sup>th</sup> Plan period from actual generation of 876.88 BU achieved at the end of the 11<sup>th</sup> Plan period. The target of electricity generation during the 12<sup>th</sup> Plan period has taken into considerations the various energy conservation measures and demand supply management.
- (ii) **Coal production:** the incremental coal production in the optimistic scenario in the 12<sup>th</sup> Plan has been kept at 255 MT over the production level of 540MT during the 11<sup>th</sup> Plan, raising it overall coal production to 795 MT, by the terminal year end of the 12<sup>th</sup> Plan period.
- (iii) **Gas production:** The target for the gas production at the end of the 12<sup>th</sup> Plan period has been kept at 341.498 BCM with respective breakup (ONGC: 148.298, OIL: 19.82 and Private/JV: 177.38). The projected domestic production of natural gas during the 12<sup>th</sup> Plan is subjected to output from gas fields under NELP by the various operators".

6.4 On being specifically asked about the reasons for shortfall with respect to achievement of targets in the areas like power generation and coal production, the Ministry in their written reply stated as under :

"Power sector: A capacity addition of 55,000 MW was achieved in the 11<sup>th</sup> Plan period as compared to the original target of 78,700 MW, leading to a shortfall of 30% and about 12% compared to Mid-Term target of 62,374 MW. Though the capacity addition achieved during the 11<sup>th</sup> Plan period was less than the target but it was more than the twice addition in the 10<sup>th</sup> Plan period. The broad main reasons for the shortfall were attributed to the following factors:

- 1. Delay in placement of orders for Main Plants.
- 2. Delay in placement of orders for Civil works.
- 3. Slow progress of Civil works.
- 4. Poor Geology.



5. Delay in land Acquisition.
6. Environmental Concerns.
7. Law and Order problem/ Local Issues.
8. E&M work critical.
9. Difficult area and accessibility.

**Coal Sector :** ....The actual production of coal during the 11<sup>th</sup> Plan period was 540 MT against MTA production target of 630 MT. Shortfall in production was both in public and private sector. In case of captive coal blocks, actual production was around 36 MT as against a target of 104 MT. This is mainly because only 29 blocks could start production as against the allocated 195 blocks. The main impediments in achieving the targets were delay in forest and environmental clearance, problems of land acquisition, R & R problem, allocation of a block to more than one user and so on. The strategy to meet the 12<sup>th</sup> Plan target of 795 MT, efforts has to be made by Ministry of Coal to ensure that the additional captive coal blocks may start production and the gap between demand and supply could be met through larger imports of coal".

6.5 As regards addition to Generation Capacity, the 12<sup>th</sup> Plan document mentions that the Working Group on Power has estimated a capacity addition requirement of 75,785 MW corresponding to 9 per cent GDP growth during the Twelfth Plan period. However, in order to bridge the gap between peak demand and peak deficit, and provide for faster retirement of the old energy-inefficient plants, the target for the Twelfth Plan has been fixed at 88,537 MW. The share of the private sector in the additional capacity will be 53 per cent, compared to a target of 19 per cent in the Eleventh Plan.

6.6 The targets and actuals in the 11<sup>th</sup> Plan and the targets in the 12<sup>th</sup> Plan in the field of electricity generation, coal production, gas production and capacity addition in power sector have been summarized as under :-

Item	Target (11 <sup>th</sup> Plan)	Actual (11 <sup>th</sup> Plan)	Shortfall in 11 <sup>th</sup> Plan (%)	Target (12 <sup>th</sup> Plan)
Electricity generation	1038 BU	876.88 BU	16	1403 BU *
Coal production	680 MT	540 MT	20	795 MT @
Gas production	250 BCM	212.54 BCM	15	341.498 BCM ^
Power (Capacity addition)	78,700 MW	55,000 MW	30	88,537 MW \$

\* BU Billion Units

@ MT Million Tonnes

^ BCM Billion Cubic Meter

\$ MW Megawatt

Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)

6.7 In the context of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), the 12<sup>th</sup> Plan document *inter alia* mentions as under :

"RGGVY was launched by the Government of India in April 2005 as a comprehensive scheme for providing access of electricity to all rural households. The scheme involved electrification of all un-electrified villages plus a free connection for BPL households.....".

The RGGVY programme has several deficiencies in implementation. Firstly, nearly 6,000 villages electrified till December 2011 were still not energised due to lack of supporting network or other resources. Secondly, access to electricity in rural areas is still limited, especially in smaller hamlets.

.....Thirdly, poor financial health of utilities and high cost of power act as a disincentive for States to give new connections. Fourthly, some States do not have supporting network and are unable to provide energisation. Fifthly, a viable revenue model is yet to emerge. This has hindered larger access to new consumers.

Some of the other areas of concern are:

- In certain States, even the minimum required hours of supply of six hours to eight hours could not be met.
- There is a need to upgrade transformer capacity as the current average demand of BPL and above poverty line (APL) consumers is in the range of 300 to 500 watts and 0.5 to 1.15 KW, respectively. There have been several complaints of frequent burning of transformers.
- The progress of release of APL connections is slow on account of poor supply of electricity, long delays in processing of applications and inadequate transformer capacity.
- In many States, the distribution company takes a long time for issuing the first bill which can be anywhere between three to six months. Because of this delay, the total bill comes to around Rs. 1,000 to Rs. 1,500 which a rural household finds difficult to pay. This leads to a permanent high level of outstanding bills.

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PART II  
RECOMMENDATIONS / OBSERVATIONS

I. ANALYSIS OF DEMANDS FOR GRANTS (2013-14)

1. The Committee note that there is better utilization of funds by the Ministry during the last two years. In the year 2010-11, the BE of Rs. 2,000 crore was reduced to Rs. 1,045 crore at RE stage but only Rs. 310 crore was spent. However, in the year 2011-12, BE of Rs. 1,600 crore was reduced to Rs. 1,330 crore at RE stage and Rs. 1,257 crore was spent. Similarly, for the year 2012-13, the BE of Rs. 2,100 crore was reduced to Rs. 1,542 crore at RE stage and the Ministry incurred Rs. 925 crore upto January, 2013. The Committee, recognizing the improvement shown in utilization of funds, desire that the Ministry should continue to ensure financial discipline and accountability of the norms stipulated by the Ministry of Finance.

2. The Committee are, however, constrained to note that recurrent and substantial under utilization of funds allocated at the stage of Budget Estimates (BE) as well as Revised Estimates (RE) occurred under some of the heads. For instance, Rs. 1,758 crore at the stage of BE 2012-13 for the scheme "Unique Identification Authority of India (UIDAI)" was reduced to Rs. 1,350 crore at the stage of RE and only Rs. 887 crore expended upto January, 2013 whereas the budgetary allocation proposed in BE 2013-14 is to the tune of Rs. 2,620 crore. Similarly, for the scheme "Public Finance Management System", the BE 2012-13 of Rs. 180 crore was reduced to Rs. 79 crore at RE stage but only Rs. 9.4 crore was utilized upto January, 2013 whereas the budgetary allocation proposed in BE 2013-14 is Rs. 253 crore. In another scheme, "Plan Formulation, Appraisal & Review", the BE 2012-13 of Rs. 11 crore was reduced to Rs. 10.75 crore at RE stage, however, only Rs. 2.4 crore was utilized upto January, 2013 whereas Rs. 25.89 crore has been proposed for BE 2013-14. The Committee recommend that the Ministry should identify the shortcomings in formulation of budget estimates and effectively monitor utilization of funds.

The Committee also desire that periodic / quarterly meetings be held to review & constantly monitor the trend and progress of expenditure and would like to be apprised about the outcome thereof.

3. The Committee also find that no amount has been proposed in BE 2013-14 for the 04 major schemes viz. "New Initiative in Skill Development through PPP", "Expertise for Planning Process", "Strengthening Evaluation Capacity in Government" and "UNDP Assistance for Capacity Development for District Planning", although in the previous BE and RE, a total amount of Rs. 37.16 crore and Rs. 20.34 crore were provided for these schemes respectively. The Committee desire to be apprised of the reasons for discontinuation of these Schemes. The Committee, however, note that in BE 2013-14, a separate lump sum provision of Rs. 5,000 crore has been made under a head called 'New Programmes' without any specific details. The Committee would like to be apprised about the details of the specific schemes and the provisions thereunder as the amount involved is quite large.

4. The Committee reiterate their earlier recommendation that the Ministry of Planning should endeavour to be a role model for other Central Ministries / Departments in preparation of realistic budget estimates.

## II. UNIQUE IDENTIFICATION AUTHORITY OF INDIA (UIDAI)

5. The Committee in their earlier reports had urged the Government to reconsider and review the UID Scheme and also the proposals contained in 'National Identification Authority of India Bill, 2010' with all its ramifications and bring forth a fresh legislation before Parliament. The Committee note that although 15 months have lapsed after presentation of its report on UIDAI, the Government have not yet brought any fresh legislation before the Parliament. The Committee are concerned to note that during the last three financial years (upto January, 2013), a huge sum of Rs. 2342 crore has been spent on the Scheme and Rs. 2620 crore has been allocated in BE 2013-14, out of which



Rs. 1040 crore is earmarked for 'Enrolment Authentication and Updation' pending legislative sanction of the Scheme. The Committee strongly feel that in the absence of legislation, Unique Identification Authority of India (UIDAI) is discharging its functions without any legal basis. The Committee, therefore, insist the Government address the various shortcomings/issues pointed out in their earlier reports and bring forth a fresh legislation at the latest in the next session of Parliament. The Committee would also like to know the number of aadhar cards issued during the last three years vis-à-vis target set therefor along with the number, nature and redressal mechanism of complaints and punishment awarded in the matter of issue of cards. The Committee would further like to be apprised about the cost per card incurred by the Government.

### III. PRODUCTIVE EMPLOYMENT AND SKILL DEVELOPMENT

6. The Committee are disillusioned to note that although India has experienced an average growth rate of 7.9% in the Eleventh Five Year Plan, the same did not lead to substantial increase in employment opportunities due to certain factors including limited flexibility in managing the workforce and skill mismatch. The Committee are equally concerned to note that the percentage of self-employed among the total workforce decreased from 56.4% in 2004-05 to 50.7% in 2009-10. The Committee are of the view that skill development is a highly serious area of concern and need to be given priority both at the Central and State level. The Committee feel that the mismatch in terms of demand and supply of skilled workforce is widening rapidly.

7. The Committee also note that the Government has set an ambitious target of skilling 50 million people in the 12<sup>th</sup> plan period including 9 million in 2013-14. The Committee have been informed that the target of skilling 50 million persons is based on the target of creation of 50 million job opportunities in the non-farm sector during the 12<sup>th</sup> Plan period, which has



been identified as a core indicator for the 12<sup>th</sup> Plan. The Committee further note that the existing training capacity in the country is 4.5 million and it needs to be more than doubled to achieve the target. The Committee insist that Government must achieve this objective by increasing the training capacity. The Committee may be apprised about the progress made in this regard. The Committee also recommend that like Right to Education there should be compulsory skill development programme. The Committee further recommend that Backward Region Districts be given priority and skill development programme dovetailed with MNREGA & BRGF.

8. The Committee recommend that immediate steps be taken to overcome the shortfalls noticed during the 11<sup>th</sup> Plan period in the context of skill development and various schemes relating to skill development and vocational training be implemented in letter and spirit with a view to creating enough productive jobs so that targets for the 12<sup>th</sup> plan are fully achieved. The Committee want the Planning Commission to consider establishing a mechanism to ensure monitoring, evaluation and implementation of various skill development initiatives undertaken by various Central Ministries/Departments as well as State Governments and private entities.

9. The Committee would also like to specifically emphasise upon the issue of gender mainstreaming with empowerment of women and girls who must be supported by actions to improve their access to basic and higher education, training and capacity building.

10. The Committee further recommend that the existing planning model be reviewed with a view to evolving a distinct/indigenous model to suit the requirements of the country considering that, being the second most populous country in the world, we have huge manpower with majority being in productive age.

IV. STREAMLINING AND RESTRUCTURING OF CENTRALLY SPONSORED SCHEMES (CSSs)

11. The Committee in their 32<sup>nd</sup> Report (15<sup>th</sup> Lok Sabha) on 'Appraisal of BPL Criteria' had *inter alia* recommended that the plethora of schemes and programmes operating should be streamlined and rationalized to manageable proportions. The Committee in their subsequent reports had also emphasized on restructuring and rationalization of Centrally Sponsored Schemes (CSSs) to enhance their efficiency and scale. The Committee note that a Sub-Committee set up by Planning Commission under the Chairmanship of Shri B.K. Chaturvedi, Member, Planning Commission has recommended that the number of CSSs should be drastically reduced. The Ministry have also informed that Planning Commission has considered the recommendations of the B.K. Chaturvedi Committee report and a note is being moved by Planning Commission for the approval of the Cabinet.

12. The Committee further note that the Finance Minister in his budget speech 2013-14 has expressed concern of the Government about the proliferation of CSSs & Additional Central Assistance (ACA) Schemes. The Committee are satisfied to note that 173 CSSs at the end of 11<sup>th</sup> Plan will now be restructured into 70 Schemes and each Scheme will be reviewed once in two years. The Committee feel that further streamlining, restructuring and rationalizing the number of CSSs will only enhance their productiveness. In this context, the Committee would like to emphasise that while reviewing the Schemes, an element of accountability be built in the mechanism.

13. The Committee further note that due to limitation of resources, a number of States, particularly the North-East States, Bihar and Jharkhand are unable to provide State's share to enable them to access the required funds under CSS. The Committee recommend the Government to devise means to ensure equitable distribution of benefits of Centrally Sponsored Schemes to

the deficient States so that they do not suffer in accessing the funds under CSS.

14. The Committee also note that in 2013-14, resources to the tune of Rs. 5,87,082 crore are expected to be transferred to the States & UTs under share of taxes, non-plan grants & loan, and central assistance. The Committee would like to be apprised of the quantum of funds to be saved by restructuring of CSSs and the manner in which these funds are proposed to be utilized.

V. SUSTAINABLE GROWTH

15. The Committee note that the 11<sup>th</sup> Five Year Plan was aimed at 'Faster & More Inclusive Growth'. The Committee are happy to note that in the 12<sup>th</sup> Plan 'sustainability' has added to make it 'Faster, More Inclusive & Sustainable Growth'.

16. The Committee also note that Sustainable Development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs and has two dimensions viz. the human aspect and the environmental aspect. While the first is achieved through improving health, providing education & safe drinking water, the second through protection of environment.

17. The Committee are of the view that health, education, water and protection of environment continue to be the areas of concern. The Committee note that a number of Schemes are already in existence to address these issues. The Committee feel that health sector needs to be given special attention, the standard of education needs to be improved, safe drinking water is still not available to all, whereas there has been constant damage to environment. With a view to achieving the objectives of sustainable growth, the Committee suggest that various Schemes in the field of health, education, water and protection of environment be reviewed and made in sync with the

philosophy being propagated by the Planning Commission regarding sustainable development. The Committee also recommend the Government to allocate more funds for treatment of cancer.

18. The Committee also note that the Planning Commission has undertaken a systematic process of 'scenario planning' and suggested three alternative scenarios of how India's economy might develop. The Twelfth Plan does not present a single growth projection. The Plan identifies an aspirational Scenario 1 of "strong inclusive growth", in which the economy is projected to grow at about 8 percent per year based on successful policy interventions at multiple leverage points which will generate virtuous circles. Scenario 2 of "Insufficient Action" is one where policies move in the right direction, but are not fully implemented. In this case, growth will be limited to between 6 and 6.5 percent with correspondingly lower progress on inclusiveness whereas Scenario 3 is described as "Policy Logjam" where there is very little progress on the different decisions identified and the growth will be stuck between 5 and 5.5 percent.

19. The Committee are happy to note that the Planning Commission has projected the growth on the basis of Scenarios based on realistic approach. The Committee agree with the emphasis made in the Plan document that Scenario 1 is the only Scenario that will meet the aspirations of the people. The Committee recommend that coordinated efforts be made to ensure fulfillment of aspirational Scenario of "strong inclusive growth".

#### VI. ENERGY SECTOR

20. The actual electricity generation from utilities during the 11<sup>th</sup> Plan period was 876.88 Billion Units (BU) as against the target of 1038 BU, implying a shortfall of about 16% during the 11<sup>th</sup> Plan period. The target for electricity generation at the end of the 12<sup>th</sup> Plan period has been kept at 1403 BU.



21. The target for coal production at the end of the 11<sup>th</sup> period was initially set at 680 million tonnes. However, the actual achievement of coal production was 540 MT, implying a shortfall of about 20% during the 11<sup>th</sup> Plan period. The coal production target by the end of the 12<sup>th</sup> Plan period has been kept at 795 MT.

22. The actual natural gas production during the 11<sup>th</sup> Plan period was 212.54 billion cubic meter (BCM) as against the production target of 250 BCM, implying a shortfall of about 15% in 11<sup>th</sup> Plan period. The target for the gas production at the end of the 12<sup>th</sup> Plan period has been kept at 341.498 BCM.

23. In the power sector, a capacity addition of only 55,000 MW could be achieved in the 11<sup>th</sup> Plan period as compared to the original target of 78,700 MW, leading to a shortfall of 30%. The target for the Twelfth Plan has been fixed at 88,537 MW.

24. The Committee thus note that during the 11<sup>th</sup> Plan, the targets in the field of electricity generation, coal production and gas production could not be met. The factors responsible for shortfall noticed during the 11<sup>th</sup> Plan in the case of power sector *inter alia* included delay in placement of orders for main Plants/ civil works, slow progress of Civil works; delay in land acquisition, environmental concerns; whereas the main impediments in achieving the targets in the case of coal sector, *inter alia* included delay in forest and environmental clearance, problems of land acquisition, Rehabilitation and Resettlement (R & R) problem, allocation of a block to more than one user. The Committee also note that optimistic targets have been set during the 12<sup>th</sup> Plan in these areas. The Committee are concerned as to how the targets in the 12<sup>th</sup> Plan would be met without addressing the factors responsible for shortfall noticed during the 11<sup>th</sup> Plan. The Committee expect that the Government would take immediate steps in this regard. The Committee also expect that all out efforts be made to expand domestic production in the field of petroleum, gas and coal so that requirement of imports is kept at the minimum. The



Committee also desire that an Action Plan may be formulated for giving thrust to renewable energy, as an alternate source of power, since it has remained under-developed despite its vast potential in the country.

Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)

25. The Committee note that Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched in April 2005 as a comprehensive scheme for providing access of electricity to all rural households. The scheme involved electrification of all un-electrified villages and a free connection for BPL households. The Committee further note that several deficiencies have been noticed in implementation of the Scheme which *inter alia* include villages electrified being not energised due to lack of supporting network or other resources, limited duration of electricity supply in rural areas especially in smaller hamlets, poor financial health of utilities and high cost of power. The Committee also note that in certain States, even the minimum required hours of supply of six hours to eight hours could not be met and there were several complaints of frequent burning of transformers, poor supply of electricity, long delays in processing of applications. The Committee feel that RGGVY has not been able to fulfill the primary objective of providing access to electricity to all rural households on account of certain inherent weaknesses in its design. The Committee, therefore, recommend for the comprehensive review of the Scheme and rectification of deficiencies noticed with a view to ensure energisation of villages electrified, increased access to electricity, upgradation of transformer capacity, improvement in supply of electricity etc.

New Delhi;  
16 April, 2013  
26 Chaitra, 1935 (Saka)

YASHWANT SINHA,  
Chairman,  
Standing Committee on Finance

**MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON FINANCE (2012-13)**  
 The Committee sat on Wednesday, the 20<sup>th</sup> March, 2013 from 1500 hrs to 1915 hrs.

**PRESENT**

Shri Yashwant Sinha – Chairman

**MEMBERS**

**LOK SABHA**

2. Shri Nishikant Dubey
3. Shri Deepender Singh Hooda
4. Shri Bhartruhari Mahtab
5. Dr. Chinta Mohan
6. Shri Sanjay Brijkishorlal Nirupam
7. Shri S.S. Ramasubbu
8. Dr. Kavuru Sambasiva Rao
9. Shri Adv. A. Sampath
10. Shri Thakur Anurag Singh
11. Shri Shivkumar Udasi

**RAJYA SABHA**

12. Shri Rajeev Chandrasekhar
13. Smt. Renuka Chowdhury
14. Shri Piyush Goyal
15. Shri Ravi Shankar Prasad
16. Dr. Yogendra P. Trivedi

**SECRETARIAT**

- |                                 |   |                     |
|---------------------------------|---|---------------------|
| 1. Shri A.K. Singh              | – | Joint Secretary     |
| 2. Shri Ramkumar Suryanarayanan | – | Additional Director |
| 3. Shri Sanjay Sethi            | – | Deputy Secretary    |

**Part I**

(1500 hrs. to 1625 hrs.)

**WITNESSES**

**MINISTRY OF PLANNING**

1. Ms. Sindhueshree Khullar, Secretary
2. Shri P.K. Pujari, Addl. Secretary & Financial Adviser
3. Smt. Vandana Kumari Jena, Pr. Adviser, WCD/VAC
4. Ms. Vinita Kumar, Sr. Adviser, Transport/LEM
5. Dr. C. Muralikrishna Kumar, Sr. Adviser, CIT&I
6. Smt. Sunita Sanghi, Adviser, LEM/PC&GBS/Parliament
7. Shri T.K. Pandey, Adviser, FR
8. Shri Ravi Mittal, Adviser, Infra/PPP
9. Shri Madan Mohan, Adviser, Agriculture, SJ&E, IEO
10. Shri Surinder Singh, Adviser, Agriculture
11. Ms. Nidhi Khare, Adviser, Administration/UIDAI/DBT

12. Smt. Anjali Goyal, Adviser, PAMD  
 13. Shri P.K. Agarwal, Adviser, HRD

2. The Committee took oral evidence of the representatives of the Ministry of Planning in connection with the examination of Demands for Grants (2013-14). The major issues discussed during the sitting broadly related to status of Unique Identification Authority of India (UIDAI), seeking legislative sanction for Adhar cards; shortfall in achieving the targets in energy sector; effectiveness of Jawahar Lal Nehru National Urban Renewal Mission (JNNURM) and plans for JNNURM-II; flagship programme and new framework for Public Private Partnership (PPP), development of water bodies; allocation of funds for water depletion and soil conservation in new programmes; inadequate productive jobs; current account deficit; improvement in quality education; allotment of funds for cancer control; criteria for determining benchmark for Below Poverty Line (BPL); decrease in cultivation area, skill development etc. The Chairman directed the representatives of Ministry of Planning to furnish written replies to the points raised by the Members during the discussion within a week.

The witnesses then withdrew.

**Part II**  
 (1625 hrs. to 1725 hrs.)

**WITNESSES**

3.	XX	XX	XX	XX
	XX	XX	XX	XX

The witnesses then withdrew.

**Part III**  
 (1750 hrs. to 1915 hrs.)

**WITNESSES**

4.	XX	XX	XX	XX
	XX	XX	XX	XX

A verbatim record of the proceedings was kept.

The witnesses then withdrew.

The Committee then adjourned.

# MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON FINANCE (2012-13)

The Committee sat on Tuesday, the 16<sup>th</sup> April, 2013 from 1500 hrs to 1705 hrs.

## PRESENT

Shri Yashwant Sinha – Chairman

## MEMBERS

### LOK SABHA

2. Shri Nishikant Dubey
3. Shri Gurudas Dasgupta
4. Shri Chandrakant Khaire
5. Shri Bhartruhari Mahtab
6. Dr. Chinta Mohan
7. Dr. Kavuru Sambasiva Rao
8. Shri Adv. A. Sampath
9. Dr. M. Thambidurai

### RAJYA SABHA

10. Shri Naresh Agrawal
11. Smt. Renuka Chowdhury
12. Shri Piyush Goyal
13. Shri Satish Chandra Misra
14. Dr. Mahendra Prasad
15. Shri P. Rajeeve
16. Shri Praveen Rashtrapal

### SECRETARIAT

- |                                 |                       |
|---------------------------------|-----------------------|
| 1. Shri A.K. Singh              | – Joint Secretary     |
| 2. Shri Ramkumar Suryanarayanan | – Additional Director |
| 3. Shri Sanjay Sethi            | – Deputy Secretary    |
| 4. Shri Kulmohan Singh Arora    | – Under Secretary     |

2. The Committee took up following draft Reports for consideration and adoption :-

- (i) Draft Report on Demands for Grants (2013-14) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment);
- (ii) Draft Report on Demands for Grants (2013-14) of the Ministry of Finance (Department of Revenue);

- (iii) Draft Report on Demands for Grants (2013-14) of the Ministry of Planning;
- (iv) Draft Report on Demands for Grants (2013-14) of the Ministry of Statistics and Programme Implementation; and
- (v) Draft Report on Demands for Grants (2013-14) of the Ministry of Corporate Affairs.

3. The Committee adopted the draft reports at Sl. Nos. (i), (ii), (iii) and (v) with minor modifications and at Sl. No. (iv) without modification. The Committee authorised the Chairman to finalise the Reports in the light of the modifications suggested and present these Reports to Parliament.

The Committee then adjourned.



ANNEXURE P-19

cash transfers without waiting for UID.

There is no need to wait for UID to expand and improve positive cash transfers for schemes such as pensions, scholarships and maternity entitlements. For instance, social security pensions should be increased and universalised.

5. *No UID enrolment without a legal framework*

Millions of people are being enrolled for UID without any legal safeguards. The UIDAI's draft bill has been rejected by a parliamentary standing committee. A UID enrolment should be halted until a

anyone to access any entitlements of public services. A convenient alternative should always be available.

7. *UID should be kept out of the PPS, MREG, and other essential entitlement programs for the time being.*

Essential services are not a suitable field of experimentation for a biometric-related entitlement technology. Other applications (e.g., law enforcement) should

**List of speakers:** Sunil Abraham, Centre for Internet and Society, Amity Kurnat Nagar, Vasant Chincholi, 17/10/2010; Kishor Bhatia, Senior Fellow, Centre for Policy Research, Nikhil Dey, Madraso, Kisan Shakti Sangathan, Jaipur, 18/10/2010; Pratik Datta, Director, Datta Design, Varanasi; Professor, Allahabad University, S.S. Gill, Director, Generalist, Chaudhary Medical Centre, Aizawl; Professor, Indian Institute of Technology, Delhi, A.K. Shrivastava, Kurnat Nagar, 19/10/2010; Professor, Economics, Lawrence Livermore National Laboratory, Michael J. Griffin, Lawrence Livermore National Laboratory, 20/10/2010; Professor, Jawahar Nehru University, R. Nagaraj, Professor, Indira Gandhi Institute of Development, Research, Bihar, Nayagi, Writer and Activist, Dr. K. Srinath Reddy, Shantika Shiksha, National Commission for the Protection of Child Rights, M.S. Swaminathan, Member of Parliament, Rajya Sabha, Sharmila Tagore, Vasant Vakharia Bhawan, Ranchi, 21/10/2010; Karanvir of Hyderabad, Bernadita Wilson, Saheli, Karmacharya, Andolan, 22/10/2010.

cash transfers without waiting for UID. There is no need to wait for UID to be implemented. The Government should design and improve positive cash transfers for schemes such as pensions, scholarships and maternity entitlements. For instance, social security pensions should be increased and universalised.

5. No UID enrolment without a legal framework.

Millions of people are being enrolled for UID without any legal safeguards. The UIDAI's draft bill has been rejected by a parliamentary standing committee. UID enrolment should be halted until a sound legal framework is in place.

6. All UID applications should be voluntary, not compulsory.

UID should never be a condition for anyone to access any entitlements or public services. A convenient alternative should always be available.

7. UID should be kept out of the PDS, NREGA and other essential entitlement programmes for the time being.

Essential services are not a suitable field of experimentation for a highly sensitive and sensitive technology. Other applications (e.g. for census) should be first tried.

**List of all members: Sunil Abraham, Centre for Inland and Society; Anuraj Kumar Bagchi, Vice-Chancellor, Tatyasaheb Kore Bharti, Senior Fellow, Centre for Policy Research, Nidhi Bhat, Mazdoor Kisan Shakti Sangathan; Jan Datta, Visiting Professor, Alkhabad University; S.S. Gill, Director, General CRRD, Chandigarh; Hrishika Khatri, Assistant Professor, Indian Institute of Technology, Delhi; A.K. Shiva, Kumar, Economics Law Centre, Law Alliance India; Law Forum, Noida; Manoj Prasad, Professor, Jawahar Nehru University; R. Nagaraj, Professor, Indian Institute of Development, Bangalore; Parash Naayal, Writer and Activist, Dr. K. Srinath Reddy, Shanika Singh, National Commission for the Protection of Child Rights; M. S. Swaminathan, Member of Parliament; Rajy, Sachin, Sharmila Tagore, Vimal Vakkalabharan, Reader, University of Hyderabad; Bezawada Wilson, Satai Karamchandani Andolao and 190 others.**

Appearing in "The Hindu" (Delhi Edition)  
dated 31.12.2012 (p.13)

Times of India (Delhi edition) December 15, 2012

## Get cash transfer scheme right, and we can win next 2 polls: Rahul

NEW DELHI: Congress heir apparent Rahul Gandhi on Friday said a successful 'direct cash transfer' can power Congress to victory in the next two elections. "If we get this programme right, we will win the next two general elections," Rahul reportedly told a meeting of Congress chiefs of 51 districts where the cash transfer scheme is to be rolled out.

The remark provided the bluntest evidence that Congress is banking on the scheme to change its political fortunes that have gone into a spiral. Congress estimates cash transfer will provide succour from routine woes over accessing benefits, and neutralize the negatives of UPA over two years.

To hammer home the criticality of cash transfers in elections, Rahul said its successful implementation would "win the party not just the 2014 polls, but also the one after it".

There is visible urgency in filling the gaps on the ground to help roll out the scheme. The PMO urged the ministries concerned to work on a "war footing" to digitize database of beneficiaries, provide them Aadhar numbers and bank accounts.

Congress made a similar call to its cadre. "Rahul asked partymen to be involved in constructive work like helping to link people to the system and securing Aadhar membership," Union minister Jairam Ramesh and AICC general secretary Janardan Dwivedi told reporters.

The leadership's stress on the political dimension of welfarist intervention was not lost on district chiefs, state presidents of Congress and Youth Congress, who later told TOI "it is our loan waiver for 2014".

As earlier reported by TOI, party biggies chose to call it 'direct benefits transfer', dropping the word 'cash' from the name which has led to criticism that Congress was buying votes.

While banking on the magic of "cash delivery", Congress strategy is to use the scheme to counter the bugbear of corruption a la Anna Hazare. Rahul said Anna and others only spoke about corruption but Congress was offering solutions to combat the malaise.

As if in sync with Congress hopes, leaders asked about the possibility of the opposition hijacking the scheme. When a Punjab leader said rival parties could take credit in states they rule, Rahul asked if he would let that happen in his district. Kerala Congress chief Ramesh Chennithala urged the Centre to monitor the banking correspondents, saying the strong bank unions were mostly affiliated to the Left.

There were concerns too. A district chief from Rajasthan warned that the pilot project in Kot Kasim in Alwar had drawn strong criticism from people who complained they were getting costly kerosene and the delivery of cash was not good.



The Times of India (Delhi Edition)

December 15, 2012; p. 11

# Get cash transfer scheme right, and we can win next 2 polls: Rahul

Subodh Ghildiyal/TNN

New Delhi: Congress heir apparent Rahul Gandhi on Friday said that a successful 'direct cash transfer' can power the party to victory in the next two elections. "If we get this programme right, we will win the next two general elections," Rahul reportedly told a meeting of Congress chiefs of 51 districts where the cash transfer scheme is to be rolled out.

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OPTIMISTIC: Rahul Gandhi at rally in Gujarat's Shamlaji on Thursday

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*[Handwritten signature]*

Advertisement in The Times of India (Delhi edition)  
December 16, 2012, pg. 2


 

**भारतीय रिपब्लिक, प्रधान मंत्रिकरण**  
**भारत सरकार**

**भारतीय रिपब्लिक, प्रधान मंत्रिकरण**  
**Government of India**


नॉटिफिकेशन क्रमांक/Enrollment No.: 12245678/901234

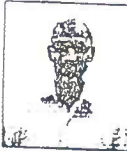
To,  
D. S. Bhatt (डी.एस. बिहट)  
DCM Building, 10th Floor,  
16, Barakhamba Road,  
New Delhi - 110001  
Date 14/02/2013


  
FY 12-65739 LX

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**4444 5555 6666**

आधार - आम आदमी का अधिकार

 **भारत सरकार**  
**GOVERNMENT OF INDIA**

  
डी.एस. बिहट  
D. S. Bhatt  
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Chief Minister, Delhi



Shri. Anvinder Singh  
Minister of Revenue, Delhi Govt.

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# भारत का राजपत्र The Gazette of India

असाधारण

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PART II — Section 1

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NEW DELHI, FRIDAY, JULY 5, 2013/ASADHA 14, 1935 (SAKA)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF LAW AND JUSTICE

(Legislative Department)

New Delhi, the 5th July, 2013/Asadha 14, 1935 (Saka)

## THE NATIONAL FOOD SECURITY ORDINANCE, 2013 NO. 7 OF 2013

Promulgated by the President in the Sixty-fourth Year of the Republic of India.

An Ordinance to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity and for matters connected therewith or incidental thereto.

WHEREAS the National Food Security Bill, 2011 was introduced in the House of the People on the 22nd day of December, 2011 and referred to the Department-related Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution which gave its report on the 17th day of January, 2013 but the said Bill has not been passed;

AND WHEREAS in pursuance of the constitutional obligations, it is considered necessary to enact a law providing for food security to the people of the country to live a life with dignity;

AND WHEREAS Parliament is not in session and the President is satisfied that circumstances exist which render it necessary for him to take immediate action to give effect to the provisions of the said Bill with certain modifications;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of article 123 of the Constitution, the President is pleased to promulgate the following Ordinance:—



## CHAPTER I

## PRELIMINARY

Short title, extent  
and  
commencement

1. (1) This Ordinance may be called the National Food Security Ordinance, 2013.

(2) It extends to the whole of India.

(3) Save as otherwise provided, it shall come into force at once.

Definitions

2. In this Ordinance, unless the context otherwise requires,—

(1) "anganwadi" means a child care and development centre set up under the Integrated Child Development Services Scheme of the Central Government to render services covered under section 4, clause (a) of sub-section (1) of section 5 and section 6;

(2) "central pool" means the stock of foodgrains which is,—

(i) procured by the Central Government and the State Governments through minimum support price operations;

(ii) maintained for allocations under the Targeted Public Distribution System, other welfare schemes, including calamity relief and such other schemes;

(iii) kept as reserves for schemes referred to in sub-clause (ii);

(3) "eligible households" means households covered under the priority households and the Antyodaya Anna Yojana referred to in sub-section (1) of section 3;

(4) "fair price shop" means a shop which has been licensed to distribute essential commodities by an order issued under section 3 of the Essential Commodities Act, 1955, to the ration card holders under the Targeted Public Distribution System; 10 of 1955

(5) "foodgrains" means rice, wheat or coarse grains or any combination thereof conforming to such quality norms as may be determined, by order, by the Central Government from time to time;

(6) "food security" means the supply of the entitled quantity of foodgrains and meal specified under Chapter II;

(7) "food security allowance" means the amount of money to be paid by the concerned State Government to the entitled persons under section 8;

(8) "local authority" includes Panchayat, municipality, district board, cantonment board, town planning authority and in the States of Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura where Panchayats do not exist, the village council or committee or any other body, by whatever name called, which is authorised under the Constitution or any law for the time being in force for self-governance or any other authority or body vested with the control and management of civic services, within a specified local area;

(9) "meal" means hot cooked meal or ready to eat meal or take

home ration, as may be prescribed by the Central Government;

(10) "minimum support price" means the assured price announced by the Central Government at which foodgrains are procured from farmers by the Central Government and the State Governments and their agencies, for the central pool;

(11) "notification" means a notification issued under this Ordinance and published in the Official Gazette;

(12) "other welfare schemes" means such Government schemes, in addition to the Targeted Public Distribution System, under which foodgrains or meals are supplied as part of the schemes;

(13) "person with disability" means a person defined as such in clause (r) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995;

(14) "priority households" means households identified as such under section 10;

(15) "prescribed" means prescribed by rules made under this Ordinance;

(16) "ration card" means a document issued under an order or authority of the State Government for the purchase of essential commodities from the fair price shops under the Targeted Public Distribution System;

(17) "rural area" means any area in a State except those areas covered by any urban local body or a cantonment board established or constituted under any law for the time being in force;

(18) "Schedule" means a Schedule appended to this Ordinance;

(19) "senior citizen" means a person defined as such under clause (h) of section 2 of the Maintenance and Welfare of Parents and Senior Citizens Act, 2007;

(20) "social audit" means the process in which people collectively monitor and evaluate the planning and implementation of a programme or scheme;

(21) "State Commission" means the State Food Commission constituted under section 16;

(22) "State Government", in relation to a Union territory, means the Administrator thereof appointed under article 239 of the Constitution;

(23) "Targeted Public Distribution System" means the system for distribution of essential commodities to the ration card holders through fair price shops;

(24) "Vigilance Committee" means a committee constituted under section 29 to supervise the implementation of all schemes under this Ordinance;

(25) the words and expressions not defined here but defined in the Essential Commodities Act, 1955, or any other relevant Act shall have the meaning respectively assigned to them in those Acts.

## CHAPTER II

## PROVISIONS FOR FOOD SECURITY

Right to receive  
foodgrains at  
subsidised prices  
by persons  
belonging to  
eligible  
households under  
Targeted Public  
Distribution  
System

3. (1) Every person belonging to priority households, identified under sub-section (1) of section 10, shall be entitled to receive five kilograms of foodgrains per person per month at subsidised prices specified in Schedule I from the State Government under the Targeted Public Distribution System:

Provided that the households covered under Antyodaya Anna Yojana shall, to such extent as may be specified by the Central Government for each State in the said scheme, be entitled to thirty-five kilograms of foodgrains per household per month at the prices specified in Schedule I.

*Explanation.*—For the purpose of this section, the “Antyodaya Anna Yojana” means, the scheme by the said name launched by the Central Government on the 25<sup>th</sup> day of December, 2000; and as modified from time to time.

(2) The entitlements of the persons belonging to the eligible households referred to in sub-section (1) at subsidised prices shall extend up to seventy-five per cent. of the rural population and up to fifty per cent. of the urban population.

(3) Subject to sub-section (1), the State Government may provide to the persons belonging to eligible households, wheat flour in lieu of the entitled quantity of foodgrains in accordance with such guidelines as may be specified by the Central Government.

Nutritional  
support to  
pregnant women  
and lactating  
mothers

4. Subject to such schemes as may be framed by the Central Government, every pregnant woman and lactating mother shall be entitled to—

(a) meal, free of charge, during pregnancy and six months after the child birth, through the local *anganwadi*, so as to meet the nutritional standards specified in Schedule II; and

(b) maternity benefit of not less than rupees six thousand, in such instalments as may be prescribed by the Central Government:

Provided that all pregnant women and lactating mothers in regular employment with the Central Government or State Governments or Public Sector Undertakings or those who are in receipt of similar benefits under any law, for the time being in force shall not be entitled to benefits specified in clause (b).

Nutritional  
support to  
children

5. (1) Subject to the provisions contained in clause (b), every child up to the age of fourteen years shall have the following entitlements for his nutritional needs, namely:—

(a) in the case of children in the age group of six months to six years, age appropriate meal, free of charge, through the local *anganwadi* so as to meet the nutritional standards specified in Schedule II:

Provided that for children below the age of six months,

exclusive breast feeding shall be promoted;

(b) in the case of children, up to class VIII or within the age group of six to fourteen years, whichever is applicable, one mid-day meal, free of charge, everyday, except on school holidays, in all schools run by local bodies, Government and Government aided schools, so as to meet the nutritional standards specified in Schedule II.

(2) Every school, referred to in clause (b) of sub-section (1), and *anganwadi* shall have facilities for cooking meals, drinking water and sanitation:

Provided that in urban areas facilities of centralised kitchens for cooking meals may be used, wherever required, as per the guidelines issued by the Central Government.

6. The State Government shall, through the local *anganwadi*, identify and provide meals, free of charge, to children who suffer from malnutrition, so as to meet the nutritional standards specified in Schedule II.

Prevention and management of child malnutrition

7. The State Governments shall implement schemes, covering entitlements under sections 4, 5 and section 6 in accordance with the guidelines, including cost sharing, between the Central Government and the State Governments in such manner as may be prescribed by the Central Government.

Implementation of schemes for realisation of entitlements

### CHAPTER III FOOD SECURITY ALLOWANCE

8. In case of non-supply of the entitled quantities of foodgrains or meals to entitled persons under Chapter II, such persons shall be entitled to receive such food security allowance from the concerned State Government to be paid to each person, within such time and manner as may be prescribed by the Central Government.

Right to receive food security allowance in certain cases

### CHAPTER IV IDENTIFICATION OF ELIGIBLE HOUSEHOLDS

9. The percentage coverage under the Targeted Public Distribution System in rural and urban areas for each State shall, subject to sub-section (2) of section 3, be determined by the Central Government and the total number of persons to be covered in such rural and urban areas of the State shall be calculated on the basis of the population estimates as per the census of which the relevant figures have been published.

Coverage of population under Targeted Public Distribution System

10. (1) The State Government shall, within the number of persons determined under section 9 for the rural and urban areas, identify—

State Government to prepare guidelines and to identify priority households

(a) the households to be covered under the Antyodaya Anna Yojana to the extent specified under sub-section (1) of section 3, in accordance with the guidelines applicable to the said scheme;

(b) the remaining households as priority households to be

covered under the Targeted Public Distribution System, in accordance with such guidelines as the State Government may specify:

Provided that the State Government may, as soon as possible, but within such period not exceeding one hundred and eighty days, after the commencement of the Ordinance, identify the eligible households in accordance with the guidelines framed under this sub-section:

Provided further that the State Government shall continue to receive the allocation of foodgrains from the Central Government under the existing Targeted Public Distribution System, till the identification of such households is complete.

(2) The State Government shall update the list of eligible households, within the number of persons determined under section 9 for the rural and urban areas, in accordance with the guidelines framed under sub-section (1).

11. The State Government shall place the list of the identified eligible households in the public domain and display it prominently.

#### CHAPTER V

##### REFORMS IN TARGETED PUBLIC DISTRIBUTION SYSTEM

12. (1) The Central and State Governments shall endeavour to progressively undertake necessary reforms in the Targeted Public Distribution System in consonance with the role envisaged for them in this Ordinance.

(2) The reforms shall, *inter alia*, include—

(a) doorstep delivery of foodgrains to the Targeted Public Distribution System outlets;

(b) application of information and communication technology tools including end-to-end computerisation in order to ensure transparent recording of transactions at all levels, and to prevent diversion;

(c) leveraging "aadhaar" for unique identification, with biometric information of entitled beneficiaries for proper targeting of benefits under this Ordinance;

(d) full transparency of records;

(e) preference to public institutions or public bodies such as Panchayats, self help groups, co-operatives, in licensing of fair price shops and management of fair price shops by women or their collectives;

(f) diversification of commodities distributed under the Public Distribution System over a period of time;

(g) support to local public distribution models and grains banks;

Publication and display of list of eligible households

Reforms in Targeted Public Distribution System



(h) introducing schemes, such as, cash transfer, food coupons, or other schemes, to the targeted beneficiaries in lieu of their foodgrain entitlements specified in Chapter II, in such area and manner as may be prescribed by the Central Government.

## CHAPTER VI

## WOMEN EMPOWERMENT

13. (1) The eldest woman who is not less than eighteen years of age, in every eligible household, shall be head of the household for the purpose of issue of ration cards.

Women of eighteen years of age or above to be head of household for purpose of issue of ration cards

(2) Where a household at any time does not have a woman or a woman of eighteen years of age or above, but has a female member below the age of eighteen years, then, the eldest male member of the household shall be the head of the household for the purpose of issue of ration card and the female member, on attaining the age of eighteen years, shall become the head of the household for such ration cards in place of such male member.

## CHAPTER VII

## GRIEVANCE REDRESSAL MECHANISM

14. Every State Government shall put in place an internal grievance redressal mechanism which may include call centres, help lines, designation of nodal officers, or such other mechanism as may be prescribed.

Internal grievance redressal mechanism

15. (1) The State Government shall appoint or designate, for each district, an officer to be the District Grievance Redressal Officer for expeditious and effective redressal of grievances of the aggrieved persons in matters relating to distribution of entitled foodgrains or meals under Chapter II, and to enforce the entitlements under this Ordinance.

District Grievance Redressal Officer

(2) The qualifications for appointment, as District Grievance Redressal Officer and its powers shall be such as may be prescribed by the State Government.

(3) The method and terms and conditions of appointment of the District Grievance Redressal Officer shall be such as may be prescribed by the State Government.

(4) The State Government shall provide for the salary and allowances of the District Grievance Redressal Officer and other staff and such other expenditure as may be considered necessary for their proper functioning.

(5) The officer referred to in sub-section (1) shall hear complaints regarding non-distribution of entitled foodgrains or meals, and matters relating thereto, and take necessary action for their redressal in such manner and within such time as may be prescribed by the State Government.

(6) Any complainant or the officer or authority against whom any order has been passed by officer referred to in sub-section (1), who is not

satisfied with the redressal of grievance may file an appeal against such order before the State Commission.

(7) Every appeal under sub-section (6) shall be filed in such manner and within such time as may be prescribed by the State Government.

16. (1) Every State Government may, by notification, constitute a State Food Commission for the purpose of monitoring and review of implementation of this Ordinance.

(2) The State Commission shall consist of—

(a) a Chairperson;

(b) five other Members; and

(c) a Member-Secretary, who shall be an officer of the State Government not below the rank of Joint Secretary to that Government:

Provided that there shall be at least two women, whether Chairperson, Member or Member-Secretary:

Provided further that there shall be one person belonging to the Scheduled Castes and one person belonging to the Scheduled Tribes, whether Chairperson, Member or Member-Secretary.

(3) The Chairperson and other Members shall be appointed from amongst persons—

(a) who are or have been member of the All India Services or any other civil services of the Union or State or holding a civil post under the Union or State having knowledge and experience in matters relating to food security, policy making and administration in the field of agriculture, civil supplies, nutrition, health or any allied field; or

(b) of eminence in public life with wide knowledge and experience in agriculture, law, human rights, social service, management, nutrition, health, food policy or public administration; or

(c) who have a proven record of work relating to the improvement of the food and nutrition rights of the poor.

(4) The Chairperson and every other Member shall hold office for a term not exceeding five years from the date on which he enters upon his office and shall be eligible for reappointment:

Provided that no person shall hold office as the Chairperson or other Member after he has attained the age of sixty-five years.

(5) The method of appointment and other terms and conditions subject to which the Chairperson, other Members and Member-Secretary of the State Commission may be appointed, and time, place and procedure of meetings of the State Commission (including the quorum at such meetings) and its powers, shall be such as may be prescribed by the State Government.

(6) The State Commission shall undertake the following functions, namely:

State Food  
Commission

(a) monitor and evaluate the implementation of this Ordinance, in relation to the State;

(b) either *suo motu* or on receipt of complaint inquire into violations of entitlements provided under Chapter II;

(c) give advice to the State Government on effective implementation of this Ordinance;

(d) give advice to the State Government, their agencies, autonomous bodies as well as non-governmental organisations involved in delivery of relevant services, for the effective implementation of food and nutrition related schemes, to enable individuals to fully access their entitlements specified in this Ordinance;

(e) hear appeals against orders of the District Grievance Redressal Officer;

(f) prepare annual reports which shall be laid before the State Legislature by the State Government.

(7) The State Government shall make available to the State Commission, such administrative and technical staff, as it may consider necessary for proper functioning of the State Commission.

(8) The method of appointment of the staff under sub-section (7), their salaries, allowances and conditions of service shall be such, as may be prescribed by the State Government.

(9) The State Government may remove from office the Chairperson or any Member who—

(a) is, or at any time has been, adjudged as an insolvent; or

(b) has become physically or mentally incapable of acting as a member; or

(c) has been convicted of an offence which, in the opinion of the State Government, involves moral turpitude; or

(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a member; or

(e) has so abused his position as to render his continuation in office detrimental to the public interest.

(10) No such Chairperson or Member shall be removed under clause (d) or clause (e) of sub-section (9) unless he has been given a reasonable opportunity of being heard in the matter.

17. The State Government shall provide for salary and allowances of Chairperson, other Members, Member-Secretary, support staff, and other administrative expenses required for proper functioning of the State Commission.

Salary and allowances of Chairperson, Member, Member-Secretary and other staff of State Commission.

18. The State Government may, if considers it necessary, by notification, designate any statutory commission or a body to exercise the powers and perform the functions of the State Commission referred to in section 16.

Designation of any Commission or body to function as State Commission.

19. Notwithstanding anything contained in sub-section (1) of section

Joint State Food Commission.

587

Powers relating  
to inquiries

16. Two or more States may have a joint State Food Commission for the purposes of this Ordinance with the approval of the Central Government.

20. (1) The State Commission shall, while inquiring into any matter referred to in clauses (b) and (c) of sub-section (6) of section 16, have all the powers of a civil court while trying a suit under the Code of Civil Procedure, 1908, and, in particular, in respect of the following matters, namely:—

- (a) summoning and enforcing the attendance of any person and examining him on oath;
- (b) discovery and production of any document;
- (c) receiving evidence on affidavits;
- (d) requisitioning any public record or copy thereof from any court or office; and
- (e) issuing commissions for the examination of witnesses or documents.

(2) The State Commission shall have the power to forward any case to a Magistrate having jurisdiction to try the same and the Magistrate to whom any such case is forwarded shall proceed to hear the complaint against the accused as if the case has been forwarded to him under section 346 of the Code of Criminal Procedure, 1973.

Vacancies, etc.  
not to invalidate  
proceedings of  
State  
Commission

21. No act or proceeding of the State Commission shall be invalid merely by reason of—

- (a) any vacancy in, or any defect in the constitution of, the State Commission; or
- (b) any defect in the appointment of a person as the Chairperson or a Member of the State Commission; or
- (c) any irregularity in the procedure of the State Commission not affecting the merits of the case.

#### CHAPTER VIII

##### OBLIGATIONS OF CENTRAL GOVERNMENT FOR FOOD SECURITY

Central  
Government to  
allocate required  
quantity of  
foodgrains from  
central pool to  
State  
Governments

22. (1) The Central Government shall, for ensuring the regular supply of foodgrains to persons belonging to eligible households, allocate from the central pool the required quantity of foodgrains to the State Governments under the Targeted Public Distribution System, as per the entitlements under section 3 and at prices specified in Schedule I.

(2) The Central Government shall allocate foodgrains in accordance with the number of persons belonging to the eligible households identified in each State under section 10.

(3) The Central Government shall provide foodgrains in respect of entitlements under sections 4, 5 and section 6, to the State Governments, at prices specified for the persons belonging to eligible households in Schedule I.

(4) Without prejudice to sub-section (1), the Central Government shall,

(a) procure foodgrains for the central pool through its own agencies and the State Governments and their agencies;

(b) allocate foodgrains to the States;

(c) provide for transportation of foodgrains, as per allocation, to the depots designated by the Central Government in each State;

(d) provide assistance to the State Government in meeting the expenditure incurred by it towards intra-State movement, handling of foodgrains and margins paid to fair price shop dealers, in accordance with such norms and manner as may be prescribed by the Central Government; and

(e) create and maintain required modern and scientific storage facilities at various levels.

23. In case of short supply of foodgrains from the central pool to a State, the Central Government shall provide funds to the extent of short supply to the State Government for meeting obligations under Chapter II in such manner as may be prescribed by the Central Government.

Provisions for funds by Central Government to State Government in certain cases

# CHAPTER IX

## OBLIGATIONS OF STATE GOVERNMENT FOR FOOD SECURITY

24. (1) The State Government shall be responsible for implementation and monitoring of the schemes of various Ministries and Departments of the Central Government in accordance with guidelines issued by the Central Government for each scheme, and their own schemes, for ensuring food security to the targeted beneficiaries in their State.

Implementation and monitoring of schemes for ensuring food security

(2) Under the Targeted Public Distribution System, it shall be the duty of the State Government to—

(a) take delivery of foodgrains from the designated depots of the Central Government in the State, at the prices specified in Schedule I, organise intra-State allocations for delivery of the allocated foodgrains through their authorised agencies at the doorstep of each fair price shop; and

(b) ensure actual delivery or supply of the foodgrains to the entitled persons at the prices specified in Schedule I.

(3) For foodgrain requirements in respect of entitlements under sections 4, 5 and section 6, it shall be the responsibility of the State Government to take delivery of foodgrains from the designated depots of the Central Government in the State, at the prices specified in Schedule I for persons belonging to eligible households and ensure actual delivery of entitled benefits, as specified in the sections aforesaid.

(4) In case of non-supply of the entitled quantities of foodgrains or meals to entitled persons under Chapter II, the State Government shall be responsible for payment of food security allowance specified in section 8.

(5) For efficient operations of the Targeted Public Distribution



System, every State Government shall, —

(a) create and maintain scientific storage facilities at the State, District and Block levels, being sufficient to accommodate foodgrains required under the Targeted Public Distribution System and other food based welfare schemes;

(b) suitably strengthen capacities of their Food and Civil Supplies Corporations and other designated agencies;

(c) establish institutionalised licensing arrangements for fair price shops in accordance with the relevant provisions of the Public Distribution System (Control) Order, 2001 made under the Essential Commodities Act, 1955, as amended from time to time.

10 of 1955

#### CHAPTER X

##### OBLIGATIONS OF LOCAL AUTHORITIES

25. (1) The local authorities shall be responsible for the proper implementation of this Ordinance in their respective areas.

(2) Without prejudice to sub-section (1), the State Government may assign, by notification, additional responsibilities for implementation of the Targeted Public Distribution System to the local authority.

26. In implementing different schemes of the Ministries and Departments of the Central Government and the State Governments, prepared to implement provisions of this Ordinance, the local authority shall be responsible for discharging such duties and responsibilities as may be assigned to them, by notification, by the respective State Governments.

#### CHAPTER XI

##### TRANSPARENCY AND ACCOUNTABILITY

27. All Targeted Public Distribution System related records shall be placed in the public domain and kept open for inspection to the public, in such manner as may be prescribed by the State Government.

28. (1) Every local authority, or any other authority or body, as may be authorised by the State Government, shall conduct or cause to be conducted, periodic social audits on the functioning of fair price shops, Targeted Public Distribution System and other welfare schemes, and cause to publicise its findings and take necessary action, in such manner as may be prescribed by the State Government.

(2) The Central Government may, if it considers necessary, conduct or cause to be conducted social audit through independent agencies having experience in conduct of such audits.

29. (1) For ensuring transparency and proper functioning of the Targeted Public Distribution System and accountability of the functionaries in such system, every State Government shall set up Vigilance Committees as specified in the Public Distribution System (Control) Order, 2001, made under the Essential Commodities Act, 1955, as amended from time to time, at the State, District, Block and fair price shop levels consisting of such persons, as may be prescribed by the State Government giving due representation to the local authorities, the

Implementation  
of Targeted  
Public  
Distribution  
System by local  
authority in their  
areas

Obligations of  
local authority

Disclosure of  
records of  
Targeted Public  
Distribution  
System  
Conduct of social  
audit

Setting up of  
Vigilance  
Committees

Scheduled Castes, the Scheduled Tribes, women and destitute persons or persons with disability.

(2) The Vigilance Committees shall perform the following functions, namely:—

(a) regularly supervise the implementation of all schemes under this Ordinance;

(b) inform the District Grievance Redressal Officer, in writing, of any violation of the provisions of this Ordinance; and

(c) inform the District Grievance Redressal Officer, in writing, of any malpractice or misappropriation of funds found by it.

#### CHAPTER XII

##### PROVISIONS FOR ADVANCING FOOD SECURITY

30. The Central Government and the State Governments shall, while implementing the provisions of this Ordinance and the schemes for meeting specified entitlements, give special focus to the needs of the vulnerable groups, especially in remote areas and other areas which are difficult to access, hilly and tribal areas for ensuring their food security.

Food security for people living in remote, hilly and tribal areas

31. The Central Government, the State Governments and local authorities shall, for the purpose of advancing food and nutritional security, strive to progressively realise the objectives specified in Schedule III.

Steps to further advance food and nutritional security

#### CHAPTER XIII

##### MISCELLANEOUS

32. (1) The provisions of this Ordinance shall not preclude the Central Government or the State Government from continuing or formulating other food based welfare schemes.

Other welfare schemes

(2) Notwithstanding anything contained in this Ordinance, the State Government may, continue with or formulate food or nutrition based plans or schemes providing for benefits higher than the benefits provided under this Ordinance, from its own resources.

33. Any public servant or authority found guilty, by the State Commission at the time of deciding any complaint or appeal, of failing to provide the relief recommended by the District Grievance Redressal Officer, without reasonable cause, or wilfully ignoring such recommendation, shall be liable to penalty not exceeding five thousand rupees:

Penalties

Provided that the public servant or the public authority, as the case may be, shall be given a reasonable opportunity of being heard before any penalty is imposed.

34. (1) For the purpose of adjudging penalty under section 33, the State Commission shall authorise any of its member to be an adjudicating officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard for the purpose of imposing any penalty.

Power to adjudicate

(2) While holding an inquiry the adjudicating officer shall have power to summon and enforce the attendance of any person acquainted

with the facts and circumstances of the case to give evidence or to produce any document which in the opinion of the adjudicating officer, may be useful for or relevant to the subject matter of the inquiry and if, on such inquiry, he is satisfied that the person has failed to provide the relief recommended by the District Grievance Redressal Officer, without reasonable cause, or wilfully ignored such recommendation, he may impose such penalty as he thinks fit in accordance with the provisions of section 33.

Power to  
delegate to  
Central  
Government and  
State  
Government

35. (1) The Central Government may, by notification, direct that the powers exercisable by it (except the power to make rules), in such circumstances and subject to such conditions and limitations, be exercisable also by the State Government or an officer subordinate to the Central Government or the State Government as it may specify in the notification.

(2) The State Government may, by notification, direct that the powers exercisable by it (except the power to make rules), in such circumstances and subject to such conditions and limitations, be exercisable also by an officer subordinate to it as it may specify in the notification.

Ordinance to  
have overriding  
effect

36. The provisions of this Ordinance or the schemes made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of such law.

Power to amend  
Schedules

37. (1) If the Central Government is satisfied that it is necessary or expedient so to do, it may, by notification, amend Schedule I or Schedule II or Schedule III and thereupon Schedule I or Schedule II or Schedule III, as the case may be, shall be deemed to have been amended accordingly.

(2) A copy of every notification issued under sub-section (1), shall be laid before each House of Parliament as soon as may be after it is issued.

Power of Central  
Government to  
give directions

38. The Central Government may, from time to time, give such directions, as it may consider necessary, to the State Governments for the effective implementation of the provisions of this Ordinance and the State Governments shall comply with such directions.

Power of Central  
Government to  
make rules

39. (1) The Central Government may, by notification, and subject to the condition of previous publication, make rules to carry out the provisions of this Ordinance.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) scheme including cost sharing for providing maternity benefit to pregnant women and lactating mothers under clause (b) of section 4;

(b) schemes covering entitlements under sections 4, 5 and section 6 including cost sharing under section 7;

(c) amount, time and manner of payment of food security allowance to entitled individuals under section 8;

(d) introducing schemes of cash transfer, food coupons or other schemes to the targeted beneficiaries in lieu of their foodgrains entitlements in such areas and manner under clause (h) of sub-section

(2) of section 12;

(e) the norms and manner of providing assistance to the State Governments in meeting expenditure under clause (d) of sub-section (4) of section 22;

(f) manner in which funds shall be provided by the Central Government to the State Governments in case of short supply of foodgrains, under section 23;

(g) any other matter which is to be, or may be, prescribed or in respect of which provision is to be made by the Central Government by rules.

(3) Every rule made by the Central Government under this Ordinance shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

40. (1) The State Government may, by notification, and subject to the condition of previous publication, and consistent with this Ordinance and the rules made by the Central Government, make rules to carry out the provisions of this Ordinance.

Power of State Government to make rules

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) guidelines for identification of priority households under sub-section (1) of section 10;

(b) internal grievance redressal mechanism under section 14;

(c) qualifications for appointment as District Grievance Redressal Officer and its powers under sub-section (2) of section 15;

(d) method and terms and conditions of appointment of the District Grievance Redressal Officer under sub-section (3) of section 15;

(e) manner and time limit for hearing complaints by the District Grievance Redressal Officer and the filing of appeals under sub-sections (5) and (7) of section 15;

(f) method of appointment and the terms and conditions of appointment of Chairperson, other Members and Member-Secretary of the State Commission, procedure for meetings of the Commission and its powers, under sub-section (5) of section 16;

(g) method of appointment of staff of the State Commission.



their salaries, allowances and conditions of service under sub-section (8) of section 16;

(h) manner in which the Targeted Public Distribution System related records shall be placed in the public domain and kept open for inspection to public under section 27;

(i) manner in which the social audit on the functioning of fair price shops, Targeted Public Distribution System and other welfare schemes shall be conducted under section 28;

(j) composition of Vigilance Committees under sub-section (1) of section 29;

(k) schemes or programmes of the Central Government or the State Governments for utilisation of institutional mechanism under section 43;

(l) any other matter which is to be, or may be, prescribed or in respect of which provision is to be made by the State Government by rules.

(3) Every rule, notification and guidelines made or issued by the State Government under this Ordinance shall, as soon as may be after it is made or issued, be laid before each House of the State Legislature where there are two Houses, and where there is one House of the State Legislature, before that House.

Transitory provisions for schemes, guidelines, etc

41. The schemes, guidelines, orders and food standard, grievance redressal mechanism, vigilance committees, existing on the date of commencement of this Ordinance, shall continue to be in force and operate till such schemes, guidelines, orders and food standard, grievance redressal mechanism, vigilance committees are specified or notified under this Ordinance or the rules made thereunder:

Provided that anything done or any action taken under the said schemes, guidelines, orders and food standard, grievance redressal mechanism, or by vigilance committees shall be deemed to have been done or taken under the corresponding provisions of this Ordinance and shall continue to be in force accordingly unless and until superseded by anything done or by any action taken under this Ordinance.

Power to remove difficulties

42. (1) If any difficulty arises in giving effect to the provisions of this Ordinance, the Central Government may, by order, published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Ordinance, as appear to it to be necessary or expedient for removing the difficulty:

Provided that no order shall be made under this section after the expiry of two years from the date of commencement of this Ordinance.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

Utilisation of institutional mechanism for other purposes

43. The services of authorities to be appointed or constituted under sections 15 and 16 may be utilised in the implementation of other schemes or programmes of the Central Government or the State Governments, as may be prescribed by the State Government.



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44. The Central Government, or as the case may be, the State Government, shall be liable for a claim by any person entitled under this Ordinance, except in the case of war, flood, drought, fire, cyclone or earthquake affecting the regular supply of foodgrains or meals to such person under this Ordinance: *Force Majeure*

Provided that the Central Government may, in consultation with the Planning Commission, declare whether or not any such situation affecting the regular supply of foodgrains or meals to such person has arisen or exist.

## SCHEDULE I

[See sections 3(1), 22(1), (3) and 24(2), (3)]

## SUBSIDISED PRICES UNDER TARGETED PUBLIC DISTRIBUTION SYSTEM

Eligible households shall be entitled to foodgrains under section 3 at the subsidised price not exceeding rupees 3 per kg for rice, rupees 2 per kg for wheat and rupee 1 per kg for coarse grains for a period of three years from the date of commencement of this Ordinance; and thereafter, at such price, as may be fixed by the Central Government, from time to time, not exceeding,—

- (i) the minimum support price for wheat and coarse grains; and
  - (ii) the derived minimum support price for rice,
- as the case may be.

## SCHEDULE II

[See sections 4(a), 5(f) and 6]

## NUTRITIONAL STANDARDS

*Nutritional standards:* The nutritional standards for children in the age group of 6 months to 3 years, age group of 3 to 6 years and pregnant and lactating women required to be met by providing 'Take Home Rations'<sup>1</sup> or nutritious hot cooked meal or ready to eat meal in accordance with the Integrated Child Development Services Scheme and nutritional standards for children in lower and upper primary classes under the Mid Day Meal Scheme are as follows:

Serial number	Category	Type of meal <sup>2</sup>	Calories (Kcal)	Protein (g)
1	Children (6 months to 3 years)	Take Home Ration	500	5
2	Children (3 to 6 years)	Morning Snack and Hot Cooked Meal	500	12-15
3	Children (6 months to 6 years) who are malnourished	Take Home Ration	800	20-25
4	Lower primary classes	Hot Cooked Meal	450	12
5	Upper primary classes	Hot Cooked Meal	700	20
6	Pregnant women and Lactating mothers	Take Home Ration	600	18-20

*Note: 1 —Energy Dense Food fortified with micronutrients as per 50 per cent. of Recommended Dietary Allowance*

*Note: 2 —The provisions of the Food Safety and Standards Act, 2006 (34 of 2006) and any other law for the time being in force shall apply to Meals referred to in this Schedule.*

*NB: Nutritional standards are notified to provide balanced diet and nutritious foods in terms of the calorie counts, protein value and micronutrients specified.*

## SCHEDULE III

(See section 31)

## PROVISIONS FOR ADVANCING FOOD SECURITY

- (1) Revitalisation of Agriculture —
  - (a) agrarian reforms through measures for securing interests of small and marginal farmers;
  - (b) increase in investments in agriculture, including research and development, extension services, micro and minor irrigation and power to increase productivity and production;
  - (c) ensuring livelihood security to farmers by way of remunerative prices, access to inputs, credit, irrigation, power, crop insurance, etc.;
  - (d) prohibiting unwarranted diversion of land and water from food production.
- (2) Procurement, Storage and Movement related interventions—
  - (a) incentivising decentralised procurement including procurement of coarse grains;
  - (b) geographical diversification of procurement operations;
  - (c) augmentation of adequate decentralised modern and scientific storage;
  - (d) giving top priority to movement of foodgrains and providing sufficient number of rakes for this purpose, including expanding the line capacity of railways to facilitate foodgrain movement from surplus to consuming regions.
- (3) Others: Access to—
  - (a) safe and adequate drinking water and sanitation;
  - (b) health care;
  - (c) nutritional, health and education support to adolescent girls;
  - (d) adequate pensions for senior citizens, persons with disability and single women.

PRANAB MUKHERJEE  
President

P. K. MALHOTRA  
Secy. to the Govt. of India



ANNEXURE R23

## AADHAAR ENROLMENT / CORRECTION FORM



Aadhaar Enrolment is free and voluntary. Correction within 96 hours of enrolment is also free. No charges are applicable for Form and Aadhaar Enrolment. In case of Correction provide your EID, Name and only that field which needs Correction.

In case of Correction provide your EID No here:

Please follow the instructions overleaf while filling up the form. Use capital letters only.

1	Pre-Enrolment ID :	2	NPR Receipt/TIN Number :
3	Full Name:		
4	Gender: Male ( ) Female ( ) Transgender ( )	5	Age: Yrs or Date of Birth: Declared <input type="checkbox"/> Verified <input type="checkbox"/>
6	Address: C/o ( ) D/o ( ) S/o ( ) W/o ( ) H/o ( )		
	House No/ Bldg./Apt.	Street/Road/Lane	
	Landmark	Area/locality/sector	
	Village/Town/City	Post Office	
	District	Sub-District	State
	E Mail	Mobile No	PIN CODE
7	Details of : Father ( ) Mother ( ) Guardian ( ) Husband ( ) Wife ( ) For children below 5 years Father/Mother/Guardian's details are mandatory. Adults can opt to not specify this information, if they cannot/do not want to disclose		
	Name		
	EID/ Aadhaar No.:		
8	I have no objection to the UIDAI sharing information provided by me to the UIDAI with agencies engaged in delivery of welfare services. YES ( ) NO ( )		
9	Select One of the Below (OPTIONAL) ( This data cannot be Corrected after Enrolment)		
	<input type="checkbox"/> I want the UIDAI to facilitate opening of a new Bank/Post Office Account linked to my Aadhaar Number and have no objection to sharing my information for this purpose		
	<input type="checkbox"/> I have no objection to linking my present bank account provided here to my Aadhaar number		
	State	Bank Name/Branch	Account No.
	Verification Type : Document Based ( ) Introducer Based ( ) Head of Family ( )		
	Select only one of the above. Select Introducer or Head of Family only if you do not possess any documentary proof of identity and/or address. Introducer and Head of Family details are not required in case of Document based Verification.		
10	For Document Based (Write Names of the documents produced. Refer back side of this form for list of valid documents)		
	a. POI	b. POA	
	c. DOB (Mandatory in case of Verified Date of Birth)	d. POR	
11	For Introducer Based - Introducer's Aadhaar No.	For HoF Based - Details of : Father ( ) Mother ( ) Guardian ( ) Husband ( ) Wife ( ) HoF's EID/Aadhaar No.:	
I hereby confirm the identity and address of _____ as being true, correct and accurate.			
Introducer/HoF's Name:		Signature of Introducer/HOF	
Consent			
I confirm that information (including biometrics) provided by me to the UIDAI and the information contained herein is my own and is true, correct and accurate.			
Verifier's Stamp and Signature: (Verifier must put his/her Name, if stamp is not available)		Applicant's signature/Thumbprint	
To be filled by the Enrolment Agency only :		Date & time of Enrolment: _____	



## Instructions to follow while filling up the enrolment form

Field 2 NPR NUMBER	Resident may bring his/her National Population Register Survey slip (if available) and fill up the column.
Field 3 NAME	Write full name without salutations/titles. Please bring the original* Proof of Identity (POI) document. (See list A below). Variation in Resident's Name in contrast to POI is permissible as long as the change is minor spelling only, without altering the Name in POI document. For Example: If Resident's POI reads "Preet", then "Prit" can be recorded if Resident wants so.
Field 5 DOB / AGE	Fill in Date of Birth in DDMMYYYY format. If exact Date of Birth is not known, approximate age in Years may be filled in the space provided. Please bring the original Proof of Date of Birth (DoB), if available. (See list D below). Declared checkbox may be selected if Resident does not have a valid proof of Date of Birth document. Verified checkbox is selected where Resident has provided documents as proof of Date of birth.
Field 6 ADDRESS	Write complete address. Please bring the original Proof of Address (POA) document. (See list B below). Please note that the Aadhaar letter will be delivered at the given address only. <ul style="list-style-type: none"> <li>To include Parent / Guardian / Spouse name as part of the address, select the appropriate box and enter the name of the person.</li> <li>Minor Corrections / Enhancements are permissible to make the address complete without altering the base address as mentioned in the POA document.</li> </ul>
Field 7 RELATIONSHIP	<ul style="list-style-type: none"> <li>In case of children below 5 years, it is mandatory to provide father/mother/guardian details with their Aadhaar or EID number.</li> <li>If the resident is not holding a Proof of Identity &amp; using the Head of the Family identity for enrolment, it is mandatory to provide Head of the family's details with his/her Aadhaar or EID number. Please refer illustration below for filling EID. Please bring the original Proof of Relationship (POR) document. (See list C below).</li> <li>For other cases, it is optional for the resident to fill up the relationship details.</li> </ul>
Field 8 CONSENT	Resident may specifically express willingness / unwillingness by selecting the relevant box.
Field 9 BANK ACCOUNT	Resident may choose to open a new Aadhaar enabled bank / POSB account or can link existing bank account to Aadhaar number. Relevant details as requested may be provided. This is an optional field.
Field 10 DOCUMENTS	Write the name of Documents for POI and PoA. In case proof of Date of Birth is available, then write the name of Date of Birth document. If the resident is not holding a Proof of Identity & using the Head of Family based enrolment, then write the name of Proof of Relationship document. For Valid list of documents, please refer list of Documents below.
Field 11 INTRODUCER/HoF	Resident who does not have POI and POA may get enrolled through an Introducer/ Head of Family. Pl contact nearest enrolment centre or your Registrar, for further details.

## List A. POI documents

1. Passport
2. PAN Card
3. Ration/ PDS Photo Card
4. Voter ID
5. Driving License
6. Government Photo ID Cards/ service photo identity card issued by PSU
7. NREGS Job Card
8. Photo ID issued by Recognized Educational Institution
9. Arms License
10. Photo Bank ATM Card
11. Photo Credit Card
12. Pensioner Photo Card
13. Freedom Fighter Photo Card
14. Kisan Photo Passbook
15. CGHS / ECHS Photo Card
16. Address Card having Name and Photo issued by Department of Posts
17. Certificate of Identity having photo issued by Gazetted Officer or Tehsildar on letterhead
18. Disability ID Card/handicapped medical certificate issued by the respective State/UT Governments/Administrations

## List B. POA documents

1. Passport
2. Bank Statement/ Passbook
3. Post Office Account Statement/Passbook
4. Ration Card
5. Voter ID
6. Driving License
7. Government Photo ID cards/ service photo identity card issued by PSU
8. Electricity Bill (not older than 3 months)
9. Water bill (not older than 3 months)
10. Telephone Landline Bill (not older than 3 months)
11. Property Tax Receipt (not older than 3 months)
12. Credit Card Statement (not older than 3 months)
13. Insurance Policy
14. Signed Letter having Photo from Bank on letterhead
15. Signed Letter having Photo issued by registered Company on letterhead
16. Signed Letter having Photo issued by Recognized Educational Institution on letterhead
17. NREGS Job Card
18. Arms License
19. Pensioner Card
20. Freedom Fighter Card
21. Kisan Passbook
22. CGHS / ECHS Card
23. Certificate of Address having photo issued by MP or MLA or Gazetted Officer or Tehsildar on letterhead
24. Certificate of Address issued by Village Panchayat head or its equivalent authority (for rural areas)
25. Income Tax Assessment Order
26. Vehicle Registration Certificate
27. Registered Sale / Lease / Rent Agreement
28. Address Card having Photo issued by Department of Posts
29. Caste and Domicile Certificate having Photo issued by State Govt.
30. Disability ID Card/handicapped medical certificate issued by the respective State/UT Governments/Administrations
31. Gas Connection Bill (not older than 3 months)
32. Passport of Spouse
33. Passport of Parents (in case of Minor)

## List C. POR documents

1. PDS Card
2. MNREGA Job Card
3. CGHS/State Government/ECHS/ESIC Medical card
4. Pension Card
5. Army Canteen Card
6. Passport
7. Birth Certificate issued by Registrar of Birth, Municipal Corporation and other notified local government bodies like Taluk, Tehsil etc.
8. Any other Central/State government issued family entitlement document.

## List D. DOB documents

1. Birth Certificate
2. SSLC Book/Certificate
3. Passport
4. Certificate of Date of Birth issued by Group A Gazetted Officer on Letterhead

## Illustration for filling up EID No.

Enrolment No. / Aadhaar No.	0008/12345/00020	AADHAAR
Date of Birth	28/04/2011	
OR EID No.	0008123450002028042011155016	

\*In instances where original documents are not available, copies attested / certified by a public notary / gazetted officer will be accepted.

**ANNEXURE P-24****Threat of exclusion, and of surveillance****The Statesman**

02 Jul 2013

*The aadhaar project has become the bane of average Indians, threatening their access to all manner of services. basic questions have sometimes been asked and almost never been answered, says Usha Ramanathan, in the first of a multi-part series.*

The Unique Identity (UID) project has been around for over four years. The Unique Identification Authority of India (UIDAI) was set up by an executive notification dated 28 January 2009 and came into its own after Mr Nandan Nilekani was appointed as chairperson in July 2009. Now it has, as some observers say, become an experiment being conducted on the entire country.

In its early stages, it was marketed, simply, as giving the poor and the undocumented an identity. It was to be voluntary, and an entitlement. But, it is evident even from the Strategy Overview document of the UIDAI that it was never intended to be an entitlement that people may choose to adopt or ignore. That document said that "enrolment will not be mandated", but went on to add: "This will not, however, preclude governments or registrars from mandating enrolment". So, the potential for compulsion was built into the architecture of the project. Starting in 2012, voluntariness began to be eroded, and threats of exclusion from services and entitlements began to be bandied about. By January 2013, a virtual panic was set off when it was announced that various services and entitlements would not be accessible to persons who did not have a UID number.

Mr Nilekani has said time and again that half the population is expected to be enrolled by the end of 2014; yet, there have been warnings that people without a UID number may find themselves unable to access benefits and subsidies if they did not have it, if a bank account had not been opened, and if the UID number were not embedded in the bank account. So, subsidy for cooking gas, kerosene, and scholarships, for instance, became dependent on having a bank account seeded with the UID, or aadhaar, number. In case anyone wonders what the UIDAI has to do with these decisions, it is the chairperson of the UIDAI, Mr Nilekani, who chaired the committees that recommended these changes. The reports are in the public domain.

From its inception, the UID project has been about creating the 'database resident'. The website of the Department of Information Technology, which has been renamed as Department of Electronics and Information Technology, modestly carrying the acronym DeitY, has said all along that "Project UID, a Planning Commission initiative, proposes to create a central database of residents, initially of those above the age of 18 years". Except, that the UIDAI got more ambitious and wanted everyone, from the newborn to the oldest resident, on its database. And it was always intended to converge various databases to construct a profile of the individual, and to this effect the website of DeitY says that "the project envisages provision of linking of existing databases, as well as providing for future additions, by the user agencies". The MoUs between the UIDAI and various registrars that include the state governments, oil companies, banks and the Registrar-General of India, who is in charge of census and the National Population Register and socio-economic and caste census, not only provide for various additional fields of data being collected during enrolment, but also for having the UID number appended to each such database.

As for biometrics, documents reveal that when the decision was made to use

fingerprints and iris for enrolment, there was no knowledge about whether these biometrics would work in India, given the demographic and environmental conditions. In fact, it has since been found that with age the fingerprint fades, that manual labour makes the fingerprint difficult to read, that malnourishment-induced cataract blights an estimated 8-10 million people, and so on. In fact, as recently as 23 April 2013, Mr Nilekani said in his speech at the Centre for Global Development in Washington: "We came to the conclusion that if we take sufficient data, biometric data of an individual, then that person's biometric will be unique across a billion people. Now we have to find that out. We haven't done it yet. So we'll discover it as we go along." First, the conclusion. Then they will wait to find out! That is why some observers of the project have been saying that it is an experiment being conducted on the entire population. The consequences of failure have not been discussed, although, in a talk at the World Bank in Washington on 24 April 2013, Mr Nilekani said in response to a question about what he thought was the greatest downside risk to the UID: "To answer the question about what is the biggest risk," he said "in some sense, you run the risk of creating a single point of failure also."

There is more to cause concern, and much to be answered about UID.

(The writer is an academic activist. She has researched the UID and its ramifications since 2009.)

## LEGALITY

The UID project is proceeding without the cover of law. There is only the notification of January 2009 which says the UIDAI "owns" the database, but which says nothing about how it may be used, or what will happen if it fails or if there is identity fraud, or some outside agency gains access to the database. A Bill was introduced in Parliament in December 2010, after the project had been launched and data collection had begun. The Bill collapsed in December 2011 when the Parliamentary Standing Committee found it severely defective, and after it found that the Bill and the project needed to be sent back to the drawing board. There is no sign yet of a Bill, and any protection that the law may offer is non-existent. There is no law to protect privacy either.

## Convergence and snooping

The UIDAI, and Mr Nilekani, have refused to address the probability of surveillance, convergence, tracking, profiling, tagging and intrusions into privacy that is likely to result from the creation of the database of residents and the intended convergence. The link between technology, databases, governmental power and corporate involvement in creating, maintaining, managing and using databases has produced various scenarios of surveillance that we ignore at our peril. PRISM is such a stark demonstration of the ambitions that can fuel a state that the UIDAI can no longer just say 'no comment' when asked about the surveillance potential being created.

In the same period, the state has already set up agencies such as the Natgrid, NCTC, NTRO, CCTNS, MAC which will use the potential for convergence of databases that the UID makes possible. In April 2011, the government made rules under the IT Act 2000, by which it would be able to access any data held by any "body corporate". More recently, we have been hearing about the CMS, or the Central Monitoring System, speaking to a surveillance and control approach that will have the state snooping on us with no oversight, no prior permission, no answerability at any time to anyone.

The companies engaged by the UIDAI to manage the database include LI Identity Solutions and Accenture. The UIDAI, in response to an RTI request, has claimed



that they have no means of knowing that these are foreign companies, given the process of their selection! Yet, a search on the internet reveals the closeness between the L1 Identity Solutions and the CIA, and that after a recent transaction, it is part-owned by the French government; while Accenture is in a Smart Borders Project with the US Department of Homeland Security. Data security, personal security, national security and global surveillance are all drawn into a ring of concern, but remain unaddressed.

**ANNEXURE P-25****A virtual monster in the cloud****The Statesman**

03 Jul 2013

Usha Ramanathan

UID is an acronym for unique identification. But first, this is not an identity scheme; it is a system that leverages emerging technologies to help various governmental and commercial agencies identify and database persons. That is why concerns about the UID project include the hugely increased potential for convergence of data, tracking, profiling, tagging and the violation of norms of privacy.

Then, as we have been told many times over, UID is not a card, but a number. Some have mistaken the paper which is used to communicate the number to the resident to be an ID card. Mr Nandan Nilekani -- Chairman of the Unique Identification Authority of India (UIDAI) -- explained, during a talk to the World Bank on 24 April 2013: "First of all, this is not an ID card project. There is no card. There is a number. It's a virtual number on the cloud, and we don't give a physical card. We do send you a physical letter with your number, which you keep in your pocket, but the real value of this is the number on the cloud."

The identification is to be done by matching the number to biometrics that are collected and kept on a Central Identities Data Registry. The uniqueness of the number depends on the biometric system being failsafe; but biometrics is still at an experimental stage. All we have for the moment are some proof-of-concept studies, and the "faith", "belief" and "conviction" of the project proponents that peppers every document and speech.

Third, while the driving licence, voter ID and PAN card may be used as identity cards, the UID number is different. The UID is synonymous with another acronym ~ KYC, or Know Your Customer. The UID proposes to partner with Authorised User Agencies (AUA), which may be any agency including banks, mobile companies, LPG service providers, insurance companies, departments with the state and central governments, hospitals and so on. When the AUAs decide to use the UID, they will have to deploy fingerprint and iris scanners, which will be used to "authenticate", that is, verify if the person is who she says she is.

This is a business model, where the UIDAI proposes to make its profits on authentication -- the Strategy Overview document calculates that once the project reaches a "steady" state, it should be able to make Rs 288.15 crore.

Four, the UID is supposed to be voluntary, but that was a deliberate untruth put out as part of the marketing exercise for the project, and because the UIDAI has no power to force anyone to enrol. After all, their legal status is highly suspect. In the first two years of enrolment, it was evident that there was little enthusiasm to get on to the database. After all, it was not even clear what the point of the UID number was. Fact is it is still not clear. At the World Bank talk in April 2013, Mr Nilekani said, in answer to a question: "Obviously people don't know what benefits will come from this -- even I don't know what benefits will come from this...But broadly, they know that this is some kind of a gateway to the future. There will be benefits. What these benefits are, they don't know..."

Declaring that the UID was mandatory changed things for people. How the idea of making the UID mandatory was sold to the various governments is not widely known. We do know that the UIDAI had banked on the UID being made mandatory by different agencies even when it put together its Strategy Overview.



The strategy was for the UIDAI to continue pretending that it was voluntary. This deceit is a part of the way that the UID project has been rolled out.

Five, the words 'universal' and 'ubiquitous' are used to describe the ambitions of the project. By getting everyone on the database, there is to be "universal" coverage. And by getting every possible agency to subscribe to the UID as a KYC, it is to be "ubiquitous". Mr Nilekani, of course, explains that the UID is an "identity platform". It is "open architecture" on which many "apps" may be built. Unlike the driving licence, ration card, voter ID, the UID has no purpose of its own. It is just an "ID verification system" and all manner of "apps" can be built on it. Direct Benefit Transfer is such an "app". And in explanation of what it will do, he says: "You can use the ID and create a credit history...or you could build an electronic health system." Since it is on a cloud, your health record will be portable and "you can take it with you wherever you go". Of course, this also "gives you complete traceability", of persons and their transactions. "Obviously," he admits, "it doesn't solve the problem of eligibility. You have to build some other systems for that."

The casual disregard of the law, the authoritarian demands to hand over personal and intimate information, creating databases that put people at risk, and passing off half truths and outright lies as facts are some among the disturbing features of the UID.

*The writer is an academic activist. She has researched the UID and its ramifications since 2009.*

#### CASH TRANSFERS

"The real beneficiary (of mandatorily linking the UID to bank accounts to be eligible for cash transfers) is neither the finance ministry nor the nodal ministries or citizens but the Unique Identification Authority of India (UIDAI), which has struggled to meet its target of covering large sections of the population. Compared with the average monthly enrolment of 7.4 million people in the last seven months, it needs to add 25 million a month to meet its target of 600 million by 2014. In the absence of parliamentary approval, forcing eligible citizens to take Aadhaar cards to avail the existing benefits, will, perhaps, be the most pernicious legacy of this plan, which is nothing more than an effort to rescue UIDAI."

*Himanshu, an economist at Delhi's Jawaharlal Nehru University who has been studying the UID, in the context of cash transfers.*

# THE HINDU

Today's Paper » OPINION

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## Your data, going on sale soon

Usha Ramanathan

Technology has created the potential to record, collate, converge, retrieve, mine, share, profile and otherwise conjure with data. Data is the new property. The Unique Identification Authority of India (UIDAI), with its push to enrol the whole Indian resident population, signals the emergence of an information infrastructure facilitated by the government — it finances the “start up,” and uses its authority to coerce people to get on to the database, and then handed over to corporate interests when it reaches a “steady state.”

### Allowing private entry

The UIDAI was set up by an executive notification dated January 28, 2009. The Planning Commission was the nodal agency “for providing logistics, planning and budgetary support” and to “provide initial office and IT infrastructure.” As part of its “role and responsibilities,” the UIDAI was to “issue necessary instructions to agencies that undertake creation of databases, to ensure standardisation of data elements that are collected and digitised and enable collation and correlation with UID [Unique Identification Number/Aadhaar] and its partner databases.” It was to “take necessary steps to ensure collation of NPR [National Population Register] with UID”. And, the UIDAI “shall own and operate” the UID database.

When the state holds data it collects in its transactions with its residents, it holds the data in a fiduciary capacity. It does not own the data.

The framework for ownership of data was set out by the Nandan Nilekani-chaired Technology Advisory Group for Unique Projects (TAG-UP), which gave its report in January 2011. While the Nilekani committee directly addressed five projects — Goods and Services Tax Network, Tax Information Network, Expenditure Information Network, National Treasury Management Agency and the New Pension System — it recommended that the suggested framework “be more generally applicable to the complex IT-intensive systems which are increasingly coming to prominence in the craft of Indian public administration.”

As understood by TAG-UP, the government has two major tasks: policymaking and implementation. Implementation is weak, and rather than spend time finding correctives, the committee found in this an opportunity for private business interests. So, TAG-UP suggested the setting up of National Information Utilities (NIUs).

“NIUs would be private companies with a public purpose: profit-making, not profit maximising.” The government would have “strategic control,” that is, it would be focused on how it would achieve the objectives and outcomes, leaving the NIU “flexible” in its functioning. Total private ownership should be at least 51 per cent.

The government should have at least 26 per cent shares. Once it reaches steady state, the government would be a "paying customer." As a paying customer, "the government would be free to take its business to another NIU"; though, given the "large upfront sunk-cost, economies of scale, and network externalities from a surrounding ecosystem (and what this means is not explained any further), NIUs are ... essentially set up as natural monopolies." To get a buy-in from the bureaucracy, "in-service officers" are to be deployed in the NIUs and are to be given an allowance of 30 per cent of their remuneration.

#### Government as customer

"Once the rollout is completed," the Nilekani committee blithely states, "the government's role shifts to that of a customer."

In sum, what emerges from the TAG-UP report is this: governmental data and databases are to be privatised through the creation of NIUs which will then "own" the data. NIUs will be natural monopolies. NIUs will use the data and the database for profit-making and not profit-maximising, and the definition of these terms are indeterminate.

Government will support the NIUs through funding them till they reach a steady state, and by doing what is needed to gather the data and create the database using governmental authority. Once the NIU reaches steady state, the government will reappear as the customer of the NIU. Government officers will be deployed in NIUs and be paid 30 per cent over their salaries, which, even if the report does not say it explicitly, is expected to forge loyalties and vested interests. The notion of holding citizens' data in a fiduciary capacity cedes place to the vesting of ownership over citizens' data in an entity which will then have the government as their customer.

This notion of private companies owning our data has not been discussed with state governments, nor with people from whom information is being collected.

#### Unexplained

We might have treated the TAG-UP report as another report without a future; except, in the Budget presented by Mr. Pranab Mukherjee as Finance Minister in March 2012, he announced that the "GSTN (Goods and Sales Tax Network) will be set up as a National Information Utility." The NIU was not explained to Parliament, and no one seems to have raised any questions about what it is.

There is disturbing evidence that the UIDAI provided the basis for the NIU. The report is littered with references to the UIDAI, and suggests that the way the UIDAI has been functioning is a model for the NIU. The Biometrics Standards Committee set up by the UIDAI in September 2009 and which gave its report in December 2009 declared that the UIDAI intended to "create a platform to first collect identity details of residents, and subsequently perform identity authentication services that can be used by government and commercial service providers." The "UIDAI Strategy Overview," in April 2010, estimated that it would generate Rs.288.15 crore in annual revenue through address and biometric authentication once it reaches a steady state, where authentication services for new mobile connections, PAN cards, gas connections, passports, LIC policies, credit cards, bank accounts and airline check-in, would net this profit. Till then, it is to be funded by the government. Once that stage is reached, it will be a private, profit-making entity and the government, like other commercial service providers, will become its customer.

### Data for a price

Mr. Nilekani calls it "open architecture"; that is, applications can be thought up as the business grows; there are no limits or contours within which it should be used. He has repeatedly described the UID as a unique number, which will be universal and ubiquitous; the latter two indicate that, despite being marketed as voluntary, all activities and services are intended to be made dependent on the UID for all persons, ensuring steady business for the enterprise. The UID enrolment form has a column for "information sharing consent." This will allow the UIDAI to part with the data, both demographic and biometric, for a price. This explains why there has been so little enthusiasm for a law on the subject. A Bill was introduced in Parliament close to two years after the project was started. When the Parliamentary Standing Committee rejected the Bill and the project, in December 2011, the law was consigned to oblivion.

The UIDAI will be a business entity, governed by the Companies Act; not bound by a law that will recognise the fiduciary role of the state, and which will facilitate, and not penalise, a citizen for not having an identity document or number.

The 2009 notification that set up the UIDAI says that the UIDAI is to "take necessary steps to ensure collation of NPR with UID." Registering in the NPR is compulsory under the Citizenship Act and the Citizenship Rules of 2003. Although biometrics is not within the mandate of the NPR, they have also been collected in the process of building up the NPR database. So, the data mandated to be given to the NPR is being handed over to the UIDAI to become the property of the UIDAI, and we don't even know it!

*(Usha Ramanathan is an independent law researcher and has been following the policy and practices of the UIDAI since 2009.)*

Printable version | <http://www.thehindu.com/todays-paper/tp-opinion/your-data-going-on-sale-soon/article4734535.ece>

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ANNEXURE P-27

## Inclusion project that excludes the poor

The Statesman

04 Jul 2013

USHA RAMANATHAN

There are claims, and ambitions, that surround the UID project. The claims first.

The UID, it is claimed, will be an identity that will bring down the barriers that prevent the poor from accessing benefits and subsidies. Unfortunately for the UIDAI, this claim is already being severely eroded. What was projected as a project of inclusion is already turning into a threat of exclusion. So, the poor have been told that if they do not enrol for a UID, if they do not have bank accounts, if those bank accounts are not embedded with the UID number, then they will become ineligible for the subsidies that they have been getting so far. That is the first obstacle that has been set up by the project.

Then, a person needs to produce a pre-existing document to be able to enrol; a voter ID, a PAN card a driving licence or one of the many cards that are listed. Those who do not have a document to establish their identity or those whose documents are not accepted by the enrolment agency - and this is invariably the poor and the less privileged - will need an "introducer" to help them get enrolled. The introducer, as was explained by the Demographic Data Standards Committee that reported to the UIDAI in December 2009, would be akin to a bank introducer - with one significant difference: while a bank introducer would be expected to know the person he or she is introducing, it is different with UID enrolment.

The state government or other agency acting as Registrar would have to appoint an "approved introducer" to do the task. That is, introducers must be known to the Registrar, but do not need to know the persons they are introducing! The accuracy of the data can be imagined. No wonder, then, that in January 2012 the Home Ministry protested that they could not accept UID data because it was insecure and unreliable.

A second stated ambition is that of reducing leakage in the system. Mr Nilekani refers to himself as a plumber, plugging the leaks. The savings will be huge, it is said. No one would deny the pervasive corruption that has blighted many systems of distribution. The RTI, "transparency walls", public hearings, the use of technology to computerise, communicate and monitor the movement of goods and grain, the opening of post office and bank accounts for payment of NREGA wages, the use of mobile phones to let people know when their rations are to reach so that they may watch and collect their entitlements, the use of GPS to track the movement of vehicles carrying grain to the shops - these have already greatly improved systems.

The UIDAI, however, suggests that salvation lies elsewhere - in a centralised system of identification.

That, it believes, would do away with duplicates and ghost beneficiaries. There is, of course, no evidence about the extent of the leakage, and what the saving would therefore be. In fact, the first paper attempting to explain that the UID would reduce leakage appeared only a few months ago, done by the National Institute of Public Finance and Policy.

The paper is littered with assumptions for, as they admit, there isn't any data in some areas and, in others, the data is outdated.



In addition, contrary to Mr Nilekani's assertion at the talk in April 2013 that this was an 'independent study', scholars at the NIPFP have admitted to "the group's research affiliations with the UIDAI (which) should preferably have been made (clear) in the study itself".

How many of us know of the One Time Passwords which are to be used to "manual(ly) override" when the biometric identification fails? When fingerprints or iris fail in recognising the person, for whatever reason, a request can be sent to the UIDAI to send a One Time Password to any mobile phone that is on hand.

That OTP can then be used in place of the biometric.

The potential for 'leakage' and identity fraud and corruption in this, and the problem this poses for the 'last mile' is undeniable, although it is not being acknowledged.

No wonder everyone including the UIDAI is shrinking from taking on liability where there is "false accept", or "false reject", or where identity fraud occurs is a telling circumstance.

The risk, till things change dramatically, rests heavily on the individual, while the system carries on experimenting.

Is this too harsh a way to read the UID? Fact is, the UID project has been attempting to derive its legitimacy from the failures and corruption and non-performance of the system as it now is.

Yet, since it is the excitement of technology, and not an intimate understanding of the poor and marginalised, that informs the project, the gap between its claims and how it is playing out on the ground is huge.

And how much the bureaucracy and the political establishment have understood is moot; they have spoken too little for us to tell.

With the claims not quite holding up, what ambitions are these that drive the project?

*(The writer is an academic activist. She has been researching the UID and its ramifications since 2009.)*

## STRAIN ON BANKS

In the early stages of the project, UID was held out as the answer to the problems in the PDS and NREGA; but the credibility of these claims was severely challenged by researchers and activists. The focus was then shifted to "financial inclusion". UID is to be the KYC for opening bank accounts, more particularly "no-frills" accounts. The problem with this claim is that KYC in banking was brought in in the context of money laundering, and terrorist funding. No-frills accounts have had no KYC requirement; the amounts are too small to matter. Now, with the UID, KYC is being introduced for no-frills accounts! That so many people are unbanked has a great deal to do with banks not being interested in low value customers, not having branches where it is needed, and with the banking correspondent (BC) system not working for reasons some of which were set out in an RBI report in 2009. The banking system is totally unprepared for these changes. All it does is help the UIDAI get more enrolments from people panicked by the threat of exclusion.

## BIOMETRICS

Then again, the biometrics on which this whole system hinges is still in an experimental stage. For the poor, manual workers and the old, authentication of who they are is more than likely to be a problem. This is what the DG and Mission Director of the UIDAI said in November 2011: "The other challenge we face is the quality of fingerprints. Capturing fingerprints, especially of manual labourers, is a challenge. The quality of fingerprints is bad because of the rough exterior of fingers caused by hard work, and this poses a challenge for later authentication.... Issuing a unique identity will not be a major problem. But authentication will be, because fingerprint is the basic mode of authentication." So, it seems, the idea is to expand to iris authentication - increasing cost through the introduction of a mode in which pilots are yet being run.

**ANNEXURE P-28****Ambition sans innocence****The Statesman**

05 Jul 2013

Usha Ramanathan

There is a range of ambitions riding on the UID project, and too many of them seem to lack the innocence that could keep us unworried. 'Cash transfer' is the most visible of these ambitions. This is contested terrain, peppered with debates around the wisdom or otherwise of the state withdrawing from taking responsibility for providing food or fuel or education or health; and the unwisdom or otherwise of bringing in the market while displacing the state where whole communities of people live lives rendered precarious by poverty and its concomitants. Whichever side of the debate one is on, there is no denying that the minimum that is needed for cash transfer is a system in place which can deliver the cash. The acknowledged fact is that there are hardly any banking services available to the poor.

In illustration, this is what Dr Deepali Pant Joshi, Executive Director, RBI said in a talk delivered on 4 May 2013: "Under the roadmap for providing banking outlets in villages with population above 2000, banking outlets have been opened in hitherto 74199 unbanked villages comprising 2493 branches, 69374 Business Correspondents (BCs) and 2332 through other modes like ATMs, mobile van, etc." And: "As per the roadmap drawn about 4,84,000 villages with population less than 2,000 have been allotted to various banks. Provision of banking services are to be made in the next three years."

And, again: "Business Correspondent model is still in the experimental stages and there are various challenges associated with the model. The viability of BC model has remained a critical issue. Surveys have revealed that branch officials do not visit BCs or customers and do not take any effort in introducing BCs to villagers. One primary reason cited by branch officials are the scarcity of staff provided to them for carrying out such visits to villages. Further, most of the accounts opened by BCs have remained non-operational."

These are just snippets from the speech indicating a remarkable state of unreadiness.

Yet, the Central government has pushed ahead with Direct Benefit Transfer (DBT) depending on banks, banking correspondents, the UID number and authentication ~ each of which is either severely deficient or deeply defective ~ and with no responsibility when any of this does not work.

But, then, in times when minimum wages, and the poverty line, are being reconstituted so that the poor can begin to disappear even as a statistic, these are words that need to be treated with some seriousness.

The interests of national security, and the terror threat, are presented as reasons why the state should have access to data about its people; and the more that is available to it, the better. That the state would want to track and tag individuals is hardly surprising. By now, the US and the UK have trained us to understand how secretively curious states are not just about people in their territory, but far beyond! This ambition, to know the individual intimately, when achieved, will leave him or her at the mercy of the state.

The false sense of security when the state says it wants the power to put people on

watch so that they can be kept safe from terrorism, and crime, and immorality, and illegality is a way for the state to keep its hold on the polity.

The complete collapse of the criminal justice system, the waywardness of unsupervised intelligence agencies, and treating every person as a subject of surveillance to keep the country safe, is all part of the same universe.

*(The writer is an academic activist. She has researched the UID and its ramifications since 2009.)*

#### Global system?

At Mr Nandan Nilekani's Washington meetings in April this year at the CGD and the World Bank, discussions threw up what some may consider an outrageous idea. Addressing Mr Nilekani, the chair of the meeting said: "I wonder what you think of the possibility of a global system, and whether or not you think by the year 2050 there could be a global system. Frankly, I think it would be a real influence in knocking down the nation state..."

And then he asked, "Is this the thin edge of the wedge for the end of sovereignty?" The question recurred at the World Bank. Mr Nilekani's answer was simple: "There is nothing technologically limiting for having the whole population of the world on the system."

And: "If you can do a billion, you can do 7 billion." The President of the World Bank couldn't stop exclaiming; all projects brought to him, he said, in Africa, and everywhere else, will now have to integrate the UID system, or else he will want to know why. "... can you have a single system that would work with everybody throughout the world?", he paraphrased the question that had been asked. "So, what are the implications if you were to withdraw money ... all ATMs may say, we don't want just your card and pin number, we want your biometrics everywhere ... you literally would know where somebody is every minute... or every time he did that transaction. Would you do one system?" he asked. "So, should we, say, if we start a system in Africa, we should coordinate with you, so that the Africans have different numbers than the Indian have." "Well," Mr Nandan Nilekani responded, "this is a question of how much you want to centralise...."



ANNEXURE P-29

## Biometrics ~ the story so far

The Statesman

06 Jul 2013

Usha Ramanathan

Face, fingerprint, iris ~ the UIDAI is collecting all of these. The uniqueness of the UID number is to be ensured by using the biometrics collected for "de-duplicating" the 1.2 billion plus population resident in India. That sounds such an improbable task that it cannot do without some investigation of why the UIDAI thought they could pull it off. What did the UIDAI know about biometrics which gave it the confidence to roll out the project on a nationwide scale? The answer is, very little. When the project got off the ground, and Mr Nandan Nilekani took charge, among the early decisions taken seems to have been the introduction of biometrics. On 29 September 2009, the UIDAI set up a committee to review the state of biometrics in the country, and suggest how they may be modified, extended or enhanced to "serve the specific requirements of UIDAI relating to de-duplication and authentication". Interestingly, among its other tasks, the committee was asked to "obtain consensus (for) widespread propagation of biometrics in governmental and private sectors." Significantly, no other means of achieving uniqueness and de-duplication was suggested then, nor at any time since then; biometrics was the only tool.

The December 2009 report of the committee on biometrics was cautious. The state of knowledge on biometrics was too meagre. In its sample of 25,000 people, 2-5 per cent did not have biometric records. Globally, de-duplication accuracy of 99 per cent had been reported from western populations, where there was good fingerprint quality and where the database was up to 50 million. To scale up the results from 50 million to a billion plus was fraught with uncertainty. And, importantly, there had been no study of fingerprint quality in the Indian context. Indian conditions, the report read, "are unique in two ways: larger percentage of population is employed in manual labour, which normally produces poorer biometric samples. Biometric capture process in rural and mobile environment is less controllable compared to the environmental conditions in which western data is collected." It also found that if the way biometrics is captured is deficient, the "false acceptance rate" could be over 10%. The committee "strongly recommended that carefully designed experiments and proper statistical analysis under pilot should be carried out, to formally predict the accuracy of biometric systems for Indian rural and urban environments".

As for iris, it is technology of recent vintage, and, "compared to fingerprinting, iris capture is less studied and less standardised". So, they tentatively suggested combining multiple biometric modalities, in this case that would be fingerprint and iris. That was about all the committee was able to say.

Pursuant to this report, in February 2010, the UIDAI issued a "notice inviting applications for hiring of biometrics consultant" to assist in "proof of concept of biometric solutions for UIDAI project". This document is a startling statement of the state of ignorance in which the UIDAI was, although they had already decided that they would adopt biometric de-duplication and authentication. The consultant would have to "assess the biometric de-duplication accuracy that can be achieved in the Indian context". The National Institute of Science and Technology (NIST) in the USA "has spent considerable efforts over the past 10-15 years in benchmarking the state-of-the-art extractor and matching technology for fingerprint, face and iris biometrics on the western population," the invitation document read. "While NIST documents the fact that the accuracy of biometric matching is extremely dependent on demographics and environmental conditions, there is a lack of a sound study that documents the accuracy achievable on Indian demographics (i.e., larger percentage of rural population) and in Indian environmental conditions (i.e., extremely hot and humid climates and facilities without air-conditioning). In fact, it went on, "we could not find any credible study assessing the achievable accuracy in



any of the developing countries. UIDAI has performed some preliminary assessment of quality of fingerprint data from Indian rural demographics and environments and the results are encouraging. The "quality" assessment of fingerprint data is not sufficient to fully understand the achievable de-duplication accuracy." And so on. And the consultant was given six months to lead the UIDAI from this state of ignorance to profound knowledge about biometrics. At that stage, the focus was on enrolment. What would happen when people would have to be identified by their biometric markers was deferred to a later date.

The study was done between March and June 2010. On 17 July, 2010, the Economic Times reported that "missing biometrics" was confronting the UID project. The millions working in agriculture, construction workers, manual workers would have their fingerprints worn down; Corneal scars, corneal blindness, cataract resulting from nutritional deficiencies and prolonged exposure to sunlight and ultraviolet rays were likely to jeopardise iris data. The Director General of the UIDAI reportedly admitted that they had no estimate of how many people this would affect - they expected it to be a "small number." "We are dealing with a large country and complex issues. We have to work within these limitations," he is reported to have said.

They moved on regardless, to collecting biometrics and making claims of uniqueness.

The 'UID enrolment proof-of-concept (PoC) report' was finally uploaded on the UIDAI website in February 2011, about five months after UID enrolment had begun to be rolled out. In a report that is gloriously vague and hazy, there is one statement that puts a question mark on the whole exercise: "The goal of the PoC was to collect data representative of India and not necessarily to find difficult-to-use biometrics. Therefore, extremely remote rural areas, often with populations specialising in certain types of work (tea plantation workers, areca nut growers, etc.) were not chosen. This ensured that degradation of biometrics, characteristic of such narrow groups was not over-represented in the sample data collected." The number of people in the sample studies to see if de-duplication worked was 40,000, and this did not include those who were not seen as representative of India! And the report maintains a deafening silence about what will be done for 'biometric exceptions' - people for whom neither fingerprints nor iris work.

The UIDAI would be hard put to term this a scientific study. There is no authorship, the complexity of the population is ironed out by excluding them from the sample, the evidence is sketchy and conclusions general. Two years later, Mr Nilekani was to say, in his talk at the World Bank in April 2013, that "nobody has done this before, so we are going to find out soon whether it will work or not".

In sum, this is an experiment. Even if it fails, biometric companies would have made their money, systems would have been re-engineered and the numbers seeded, and databases would have been created.

Every time I have spoken to a politician, bureaucrat, senior members of research organisations, I have asked them if they have seen any of the UIDAI's own reports, and the answer is always 'no'.

When biometrics fail ..... well, there are no consequences for project proponents, not as things stand anyway. The authentication story is mirthful, and deserves its own narrative.

(The writer is an academic activist. She has researched the UID and its ramifications since 2009)

ANNEXURE P-30

## Best finger first, but let's now scan the eye

**The Statesman**

10 Jul 2013

Usha Ramanathan

In December 2011, when the Standing Committee on Finance (SCF) readied its report on the National Identification Authority of India Bill 2010 to be placed before Parliament, there were as yet no reports on authentication - viz., on how the biometrics collected during enrolment would be used in identifying a person:

Among a few pieces of the puzzle that was presented to the SCF was a statement from the Planning Commission, in which the UIDAI is located, that read: "It is well acknowledged that there will be failures in authentication for various reasons. After proof of concept studies (PoC) on authentication, appropriate policies and processes will be developed to take care of situations where failure occurs for various reasons ... The choice of using the authentication services is left to the third party service provider ... Concerned agencies will have to develop policies and procedure to handle such exceptional situations ..."

That is, there would be problems in authentication, no one could anticipate the extent of the problem because it was still untested, and responsibility would be diffused among service providers if authentication did not work.

This was a strange position to be adopted by an agency that had launched a nationwide project to biometrically de-duplicate and identify the entire population. The Standing Committee had also seen an interview with the Mission Director and DG of the UIDAI, Mr R S Sharma, in Frontline in November 2011, where he had said: "Capturing fingerprints, especially of manual labourers, is a challenge. The quality of fingerprints is bad because of the rough exterior of fingers caused by hard work, and this poses a challenge for later authentication. ... Issuing a unique identity will not be a major problem. But authentication will be, because fingerprint is the basic mode of authentication."

In January 2012, a document was put out by the UIDAI which was incensed by a statistic that the Standing Committee had referred to which estimated that the "failure to enrol" would be as high as 15 per cent.

The UIDAI tried explaining that these were "misconceptions", that they could "state with confidence" to the contrary, and that "it is now safe to conclude" that biometrics will work over the entire population.

Except - they were relying on their Proof of Concept on enrolment which, as their own report reveals, (see earlier report dated 6 July 2013) does not convince that the system can deal with the complexity of the population.

More damning still, Prof Ramakumar, the expert who had provided the statistic was drawing on an estimation made by a company, 4G Identity Solutions, which is partnering with the UIDAI! He quotes them as saying: "It is estimated that approximately five per cent of any population has unreadable fingerprints, either due to scars or aging or illegible prints. In the Indian environment, experience has shown that the failure to enrol is as high as 15 per cent due to the prevalence of a huge population dependent on manual labour." And, the DG and Mission Director's interview stands un rebutted.

The first report on "authentication accuracy" was released in March 2012. This would indicate whether persons can be identified by their fingerprint. The PoC involved about 50,000 UID number holders.

It was carried out "in a controlled manner using different authentication devices. The collected data was sent to the UIDAI Technology Centre. Further statistical analysis was performed at the Centre." This was a UIDAI exercise, and a statistic emerged from it: "accuracy of 96.5 per cent can be achieved using one best finger and 99.3 per cent can be achieved using two fingers" up to three attempts. "Accuracy," the report went on to say, "could be further improved by using the additional factors such as one-time-password (OTP), demographical data or second modality such as iris." A separate study was recommended to check that out.

What do these statistics mean? What is the 'best finger'? What are two fingers in three attempts? What else does the report say? The "best finger" first.

Though all 10 digits are captured during enrolment, not all fingers work equally well when they have to be used to authenticate a person.

So, when enrolment is done, the report said, a person would have to go through a "best finger detection" (BFD) process, because: "The best finger to be used for authentication depends on the intrinsic qualities of the finger (ex. ridge formation, how worn out they are, cracked, etc.) as well as the quality of images captured during enrolment process and the authentication transaction."

Someone in the team that prepared the report clearly had a sense of humour: this description is accompanied by the sketch of a wrist and fingers, with the index finger pointing skywards with a bow tied to it as a sign of how special it is!

The fingerprints are sorted on the basis of "match scores" by comparing them with what has been enrolled and stored. This helps to rank the fingers: rank 1- best finger, rank 2- second best finger. "Further," the report reads, "the fingers are labelled Green, Yellow, or Red - depending on their suitability for single finger authentication." In addition, it continues, "some residents could be determined to be not suitable for reliable fingerprint authentication".

About the devices, there is the profound statement: "The best set of devices did much better than the good set of devices, which did much better than the rest of the devices." "In online authentication system, providing multiple attempts of the same finger was seen to improve resident's chances of successful authentication." And the inference that was drawn was that "the resident learns to place fingers appropriately over multiple attempts". And, "residents in the 15-60 years group showed best authentication accuracy". The young and the old are somewhat troublesome. In sum, for those whose fingerprints work, if they have a best finger, or two yellow fingers, and more fingers are used, and if labelled matching works, and best devices are used, and when there are high quality fingerprint images, and immediate feedback, then .... fingerprint authentication may work 99.13 per cent of the time. That is the value of the statistic.

Then, multimodal authentication with both fingerprint and iris, OTP, buffered authentication, multiple attempts and with different fingers - these are recommended, "to not only improve accuracy but also to ensure inclusion."

The recommendations harbour the underlying unease about the capacity of fingerprints to identify the entire complex of people in this country.

That explains why, even as the report starts out, it says "although currently only fingerprint biometric is being offered ... it is likely that in the near future iris

biometric authentication will also be supported." And, in conclusion: "Low cost iris capture devices are becoming available in the market. A combination of fingerprint and iris is expected to improve accuracy by a factor of 10 to 100, while reducing failure to enrol (red fingers) rate by a factor of 10. A detailed study such as this should be done on iris authentication."

In the meantime, this report lends context to Mr Nilekahi's statement at the Centre for Global Development in Washington in April this year about having "created huge opportunity for fingerprint scanners, iris readers".

(The author is an academic activist. She has researched the UID and its ramifications since 2009)



**ANNEXURE P-31**

Aadhaar Unmasked ~ But do the eyes really have it? (11th July 2013)

The Statesman  
11 Jul 2013



*The UIDAI tasked with the Aadhaar project glossed over inconvenient facts to arrive at the fingerprint as an identification method. It then decided that iris capture was necessary as well to now cumulatively provide huge opportunities for those making fingerprint and iris scanners. We continue our series on the monstrously huge Aadhaar project.*

*~ Usha Ramanathan*

In September 2012, two years after enrolment had begun, the UIDAI produced a report on iris authentication. As in the proof of concept (PoC) on fingerprint authentication, the iris report too was about field-testing the technology, and not a scientific study. This allowed for cleansing the data "of exceptions and anomalies", checking out vendors and their devices, encountering the people who came in their infinite variety - those with squints, those who had undergone eye surgery, those who had eye deformities and those without sight. The PoC was done in a semi-urban taluka in Mysore over a period of two months in 2012 with 5747 residents. As with the fingerprint report, here too the percentages that the UIDAI records are intended to reassure, but the devil is in the detail.

The older population, those who have undergone surgeries, those unable to open their eyes wide, those with eye deformities and, especially those who had undergone cataract surgery using older techniques were expected to have trouble authenticating. But, it was said, while iris authentication is significantly improved by using the dual eye camera, those with a squint would be better off with a single eye camera. What effect there would be on the error rate as the database grows larger and larger is not reckoned with.

Yet, these concerns lose their urgency when viewed against the first presumption on which the PoC is based. "The iris does not get worn out with age, or with use," it says. "In addition, iris authentication is not impacted by changes in the weather." This seems an improbable claim, for it is difficult to imagine a part of the human body which withers with neither age nor climate. Still, the improbable is not necessarily the impossible.



This, the report claims, is a presumption drawn from iris technology literature. But, in a paper presented at the IEEE Computer Society Biometrics workshop on 17 June 2012, two professors from the Department of Computer Science and Engineering at the University of Notre Dame found something quite different. Samuel E Fenker and Kevin W Bowyer did a study of iris images acquired between 2008 and 2011 using state-of-the-art technology, with 322 subjects ranging from 20 to 64 years, 177 male and 145 female, of different races. In introducing their study, they explained that the prevailing view that iris is "essentially immutable over a person's life" had been repeated in several research papers, even though "we know that no studies with experimental results that support the conclusion that template ageing does not occur for iris biometrics" exist. This includes Daugman's 1994 iris biometrics patent which asserted that "the iris of every human eye has a unique texture of high complexity, which proves to be essentially immutable over a person's life." Fenker and Bowyer's paper was "the most extensive experimental investigation to date on template ageing for iris biometrics."

In brief, their study found "clear and conclusive evidence that template ageing does occur in iris biometric matching. Specifically, the experimental evidence indicates that the false non-match rate increases with increasing time between acquisition of the enrolment image and the image to be recognised." That is, as time elapses, the image alters from how it was when it was enrolled. "In our results," they said, "the false non-match rate increases by greater than 50 per cent with two years of time lapse." The 50 per cent indicates the rejection rate when it was sought to be authenticated, and it is disturbingly large.

Fenker and Bowyer are not biometric skeptics, and they offer ways to proceed once it is acknowledged that template ageing does occur for iris biometrics. One possible route is "that the user may simply need to be re-enrolled in the system after some determined period of time." Given that the drop in confidence in the biometrics occurs within just two years, re-enrolment is not even an option amidst the Indian population. And, they suggest, "once the fact that template ageing for iris biometrics is acknowledged, research effort may be focused on reducing the magnitude of the effect."

This is the state of knowledge in biometrics.

The iris authentication report recognises this when it says: "Few global initiatives have empirically published results on iris based online authentication in a context similar to aadhaar." It is this use of untested technology that has had critics of the project say that it is an experiment where India is the laboratory, and Indian residents are mere specimens.

#### Spoofing and fraud

It is not only the experimental stage of the technology that raises questions. It is also questions of spoofing and fraud.

On 30 September 2011 a meeting was held at the Planning Commission to discuss the issue of privacy. The UID project, and the Human DNA Profiling Bill which has in circulation since 2007 and which resurfaced more recently, prompted the meeting. Representatives from the UIDAI, Natgrid, the Department of Personnel and Training were present among others that included professionals and activists. J T D'Souza, a biometrics expert who is in the trade, was present, and he demonstrated fingerprint authentication done with a faked fingerprint made out of Fevicol and wax. It was his wife's fingerprint. It authenticated perfectly when he blew on the spoofed fingerprint to add moisture to its surface, so that the fingerprint reader could be made to believe that it was a live finger that was being applied to it. It is easy to spoof a fingerprint, he said. When it is cooperative, as it had been in his case where his wife gave her fingerprints willingly, he had used a plastic battery

case into which he melted wax. When it had not quite set, the finger was pressed into the wax leaving an impression into which he poured Fevicol. When the Fevicol set, he had peeled it off and, hey presto, it was ready for use. When it is "non-cooperative", it may be an impression taken, say, from a glass or anything that is touched, the process would be a tad more tedious, involving using standard techniques from forensic sciences, making a positive, using a standard printed circuit board etching technique which is well known to any second-year electronic student or electronic hobbyist and use that as a template with Fevicol.

The danger is, too, that once the fingerprint has been compromised it cannot be changed, unlike a password or a pin number. In controlled spaces, biometrics may work because there are other controls along with the biometric. But a centralised database and long-distance authentication, D'Souza cautioned, is a prescription for fraud. D'Souza's demonstration of the use of the spoofed fingerprint to the students of a Bombay college is on youtube; there has been no reaction to it so far. At the Planning Committee meeting, the representatives of the UIDAI said they would look into it. Six months later when the report was released, there was no mention of this issue.

The problem is not only that it is an experiment, and just may fail. It is that what is being attempted is what Mr Nilakeni calls "doing government process re-engineering" with this experimental technology as its foundation.

*(The author is an academic activist. She has researched the UID and its ramifications since 2009)*

# THE HINDU

Today's Paper » OPINION

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## To pass biometric identification, apply Vaseline or Boroplus on fingers overnight

Anumeha Yadav



### DIRECT CASH TRANSFER, WHAT AND HOW?

- Welfare payments will be made directly to bank accounts of beneficiaries
- Eliminate leakage, claims government
- Set for launch in 51 districts across India early next year
- 80% of population in each district should have Aadhar cards to kickstart scheme
- Bank accounts need to be opened for all beneficiaries
- Accounts linked with Aadhar numbers of individuals
- Beneficiaries will get payment if their fingerprints, iris match with UIDAI database

### JHARKHAND EXPERIENCE, A YEAR AFTER LAUNCH OF PILOT PROJECTS

- In Ramgarh district 40% enroll in Aadhar
- 2% in district have Aadhar-linked accounts
- 3% of target for MGNREGA payments reached in the state
- Not enough bank branches to open accounts
- Not all account holders have got passbooks
- Biometrics don't match for half of beneficiaries, typically
- Poor internet connectivity

Pilot cash transfer projects taken up in Jharkhand for MGNREGA wages have achieved little success due to a variety of logistical, human and technological problems. A year after the launch of these projects, the problems remain unsolved.

In Ramgarh district, a majority of the beneficiaries are in Dohakatu and Marar panchayats of Ramgarh block. Over 63,000 people enrolled for Aadhaar numbers in the two panchayats in Ramgarh block. Of these, only 2,312 were "mapped", i.e., their Aadhaar numbers and their welfare details were linked together. Of 4,791



"active" job-card holders in the two panchayats, only 469 received MGNREGA payments through Aadhar-Enabled Cash Transfers (AECTs). Fifty km away in Ratu block in Ranchi, of 8,231 "active" job-card holders in three panchayats, those paid through AECTs was even lower: 162.

### Under strain

Ramgarh District Collector Amitabh Kaushal, who has been awarded the National Aadhaar Governance Award two years in a row, admits that the district's administrative capacity is under strain and banks are not able to cope with the volume of transactions. Of eight banks on the Aadhaar platform, five got added only last month.

In Ramgarh and Ranchi, all accounts have so far been linked with the service area bank, Bank of India. "Initially many people turned up to enrol without their MGNREGA job-cards. So now we have to physically go house to house to find every job-card holder. In some places there was high enrolment but no BoI branch, in other places a branch existed but little enrolment," says Mr. Kaushal. He rattles off a list of other concerns — bank technology upgrading, Internet connectivity in hilly areas, and availability, security and integrity of the cash-carrying Banking Correspondents (BCs).

At the Panchayat Bhavan at Dohakatu where most of the MGNREGA payments recorded were made, the BC, Rajesh Kumar, tries to rush through filling beneficiaries' bank forms online — he has been asked to submit them by December 15 — but runs into many interruptions. "The line [power] came back only at noon. Last week two days there was no power and then there were server problems," he says. But at three p.m., when he begins making payments to those who have queued up to collect wages for land-levelling work done under MGNREGA in November, there is anxiety but palpable excitement too.

### Disappointments

Of the seven workers who take turns to scan their fingers, the micro-ATM Mr. Kumar operates recognises four. He pays them between Rs. 300-200 from the cash he withdrew at the bank that morning. For two workers the micro-ATM lists errors repeatedly. One worker's account has still not been mapped. Of four pension beneficiaries who turn up, three collect their payments within an hour.

Dashay Bediya, a frail agricultural worker in a white shirt and dhoti, tries eight times, placing different fingers in the hope that one will work and then goes outside the office and scrubs his hands. He returns and tries five times more getting more anxious and disappointed each time. "Come after three to four days. Put Vaseline or Boroplus and rub your fingers before you go to sleep," Mr. Kumar instructs before sending him back. And so the question, can the ease of payments at the household or panchayat level not be better achieved through smart cards that require neither real-time Internet connectivity, nor the creation of a massive centralised database like UIDAI's that makes it harder to include those who missed enrolment the first time?

Dohakatu has had such a bevy of bureaucrats, officials and journalists visiting for months that the sarpanch, Kalawati Devi, now keeps a stock of mineral water bottles at the Panchayat Bhavan. At the site of the second pilot in Ratu block, however, things have not gone so smoothly even during officials' visits. A few days before October 2 when the Chief Secretary of Jharkhand was to hand over pensions through AECTs at a function at Tigra panchayat, block officials and BCs tried frantically to make the fingerprints verification go through for 45 beneficiaries. It worked only in the case of nine.

Since October 2, even these nine have not been paid through AECTs even once, their payments still going to their old post-office accounts. The only reason they are still able to get their pensions is that the government kept open the option to withdraw the money at the post-office using their old passbooks.

"Half of MGNREGA workers' fingerprints do not match. Maybe their fingerprints keep changing? In March I gave pension beneficiaries ID proofs to BoI so they open accounts and give passbooks. Then the bank manager changed in June and bank officials say they lost the documents. I gave the documents again in September but everyone is still waiting for passbooks," says Tulsi Koeri, the BC in Puriyo panchayat, Ranchi.

The BC in nearby Tigra panchayat, Mahmood Alam, says of 383 whose MGNREGA accounts were mapped with Aadhaar since last December, only 102 have got passbooks, making it difficult for them to withdraw wages if they run into authentication or Internet connectivity problems.

### Missing wages

Neither Mr. Koeri, nor Mr. Alam has been paid their monthly salary of Rs. 2,100 since they were hired as BCs last November by United Telecoms Limited (UTL) that BoI outsourced the work to. Mr. Kumar, Ramgarh's BC, got paid for four months after the Collector, Mr. Kaushal, intervened in June. Even he has not been paid the last six months.

"I spend at least Rs. 400 per month on fuel for this work. In October at the PM's video conference three of us were sent from Ratu, we paid over Rs. 2 lakh those three days. There have been 18-20 functions with officials from Delhi, Bangalore, even America. But if I ask for wages, UTL says if you do not like the work you can quit. Could you ask them about our wages please?" asks Mr Koeri.

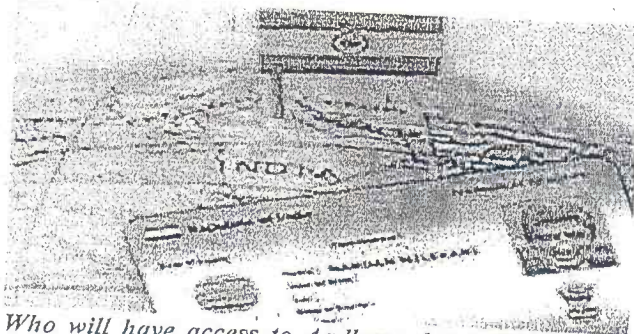
*anumeha.y@thehindu.co.in*

*The technical glitches that plague cash transfers in Jharkhand may not have arisen with a simpler system that does not need Internet connectivity*



**ANNEXURE P-33****Aadhaar Unmasked ~ What we (don't) know about the companies (12th July 2013)**

The Statesman  
12 Jul 2013



*Who will have access to Aadhaar data? Which are the companies selected by Nandan Nilekani's UIDAI project for this purpose? Can our government assure us that these companies will keep data secure from foreign eyes? Has the government satisfied itself about the ownership of these companies? The evidence is available in the public domain but Indian authorities seem indifferent to what might well be a foreign invasion into our privacy. ~ Usha Ramanathan*

In July 2010, UIDAI announced names of the companies that had been selected to implement the core biometric identification system. These companies would design, supply, install, commission, maintain and support the "multi-modal Automatic Biometric Identification System and multimodal Software Development Kit for client enrolment station, verification server, manual adjudication and monitoring function of the UID application". These would create the ability to deduplicate on the basis of biometric information collected during enrolment.

The companies were: Mahindra Satyam (as it then was) partnering with Morpho, HP with L-1 Identity Solutions and a recently set up Indian company 4G Identity, and Accenture with MindTree and Daon. L-1 Identity Solutions was also present and participating in the PoC on enrolment.

These are companies with interesting profiles. A promotional document found on the web around the time that L-1 Identity Solutions was selected to partner with the UIDAI speaks of a close connection between the company and the security and intelligence establishment of the US government. "L-1 provides highly specialised government consulting services that address the most important challenges facing US defence and global security", it announces. "More than 1000 specialists, most holding top security clearances", it advertises, giving a more specific figure of "93 per cent holding high-level government security clearances".

In 2007, Tim Shorrock, an investigative journalist based in Washington, took a close look at the connection between L-1 and the CIA in an article he did on the former CIA chief, George Tenet, titled Cashing in on Iraq. Shorrock wrote: "Tenet sits on the board of L-1 Identity Solutions, a major supplier of biometric identification software used by the US to monitor terrorists and insurgents in Iraq and Afghanistan... The company with the closest ties with the CIA - and the biggest potential financial payoff for Tenet - is L-1 Identity Solutions, the nation's biggest player in biometric identification. L-1's software which can store millions of ID records based on fingerprints and eye and facial characteristics, helps the Pentagon and US intelligence in the fight against terrorism by providing technology for insurgent registration (and) combatant identification, the company says. L-1

technology is also employed by the State Department and the Department of Homeland Security..." When L-1 acquired Spec Tal, it got 300 employees with security clearances getting them several agencies with whom Spec Tal had contracts, "including the CIA, the NSA and the Defence Intelligence Agency." "We're in the security business, right? So he's a tremendous asset," Shorrock quotes an executive vice president of L-1 as saying about George Tenet. Sagem Morpho which is among the participating companies is the Indian subsidiary of Morpho; which is part of the Safran group. Safran is a French defence company in which the French government holds 30.5 per cent shares. In August 2011, Safran completed its acquisition of L-1 Identity Solutions. It was a \$ 1 billion acquisition. With this, L-1 joins Safran's security business which was until then operating as Morpho, and which together with L-1 was renamed Morpho Trust.

Morpho and L-1 have, with this acquisition, merged. So, when Mr. Nilakeni says that UIDAI has created a competitive environment, that is not quite accurate. This deal was held back for about a year between September 2010 and August 2011 till the Committee on Foreign Investment in the US approved the acquisition. Since US contracts make up about 80 per cent of L-1's business, and to protect US national interests, Safran was to establish "a three-person proxy board" to handle sensitive US contracts - a common feature when security companies are acquired by foreign companies. It was contemporaneously reported that the proxy board was expected to include Barbara McNamara, deputy director of the National Security Agency and William Schneider Jr. former Under Secretary of state under Ronald Reagan.

Accenture is known widely as a consultancy corporation. What is less known is its place in the world of surveillance technologies. Katherine Albrecht and Liz McIntyre, writing about Radio Frequency Identification (RFID) in their book, 'Spychips: How major corporations and governments plan to track your every purchase and watch your every move' (2006), introduced us to the patents and practices of Accenture in the RFID arena. It is interesting that Accenture describes itself as a "US based business...the global management consulting, technology services and outsourcing company"; no word on surveillance. Yet, in 2004, Accenture was selected by US Department of Homeland Security to design and implement the Smart Borders Project which would be deployed at the land, sea and air ports of entry. In November 2012, Accenture was awarded a bio-surveillance contract by the Department of Homeland Security.

This proximity and interdependence between foreign governments, including their intelligence agencies, and corporate ventures in surveillance technology is no secret. Yet, the UIDAI claims that it is unaware of the countries from where these companies originate.

A question that has been raised time and again in various fora relates to the security of the data. What effect does handing over data to companies that are close to foreign intelligence agencies, or allowing them to handle it, have on security of the person, and on national security? Laws such as the PATRIOT Act in the US, especially provisions such as section 215, bring all agencies in the country within the control of agencies such as the FBI and the Department of Homeland Security. As for Morpho and L-1, the French government is part-owner of these entities. Despite the concerns this should have raised in the UIDAI and within government, there has been a silence which provides no answers. The UIDAI's response to an RTI query is more disturbing still.

In March 2011, Mr. Veeresh Malik filed a request with the UIDAI for information, specifically asking for the "full name, address, websites of the foreign companies which are of US and non-US origin or control". In an appellate order of 21 July 2011, the Deputy Director at the UIDAI who is the Appellate Authority for

purposes of the RTI, gave the names of three Biometric Service Providers to the UIDAI. These were, (i) Satyam Computer Services/ Sagem Morpho (ii) L-1 Identity Solutions (iii) Accenture Services. In a startling statement, the authority explained that "there are no means to verify whether the said companies/organisations are of US origin or not. As per our contractual terms and conditions, only the companies/organisations ... who are registered in India can bid. Any further information in this regard can be obtained from the UIDAI public domain..." There is nothing more to be got from the UIDAI website. Col. Mathew Thomas' RTI query asking for copies of the contracts entered into with the companies was refused by the UIDAI citing section 8(1)(d) of the RTI Act 2005 which speaks of information including "commercial confidence, trade secrets or intellectual property" disclosing which would "harm the competitive position of a third party" to the request. The exception to this provision is if the "larger public interest warrants the disclosure of such information". At a hearing on 24 June 2013, the Central Information Commissioner has said she will hear and decide this matter. Snowden, and PRISM, have blown the lid, yet again, on surveillance by the USA.

Creating a database and handing the data over to companies, and with no discernible protection, should worry a government concerned about the safety of the people and national security, it would seem.

*(The writer is an academic activist. She has researched the UID and its ramifications since 2009)*

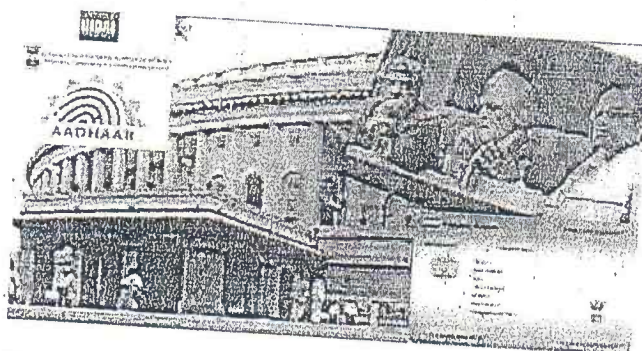


ANNEXURE P-34

Aadhaar Unmasked ~ When Parliament spoke on the UID  
(13th July 2013)

The Statesman

13 Jul 2013



*Parliament's Standing Committee on Finance dismissed with scathing comments an attempt by the Manmohan Singh government to give the UIDAI project the sanction of law. No effort has been made to remedy this serious shortcoming in the huge exercise launched by Nandan Nilekani with the blessings of Montek Singh Ahluwalia's Planning Commission. In effect, there is no law that makes it mandatory for a citizen to possess the Aadhaar number (or card) and yet we are being railroaded by some states - notably Delhi - to accept its inevitability. ~ Usha Ramanathan*

There is currently no law that covers the UID project.

On 28 January 2009, an executive notification set up the UIDAI. It was to be the responsibility of the UIDAI to lay down plans and policies to implement the UID scheme, which would include giving UID numbers to residents, interlinking UID with partner databases on a continuous basis, to keep the database updated, and "take necessary steps to ensure collation of National Population Register (NPR) with UID (as per approved strategy)". It was also to "identify new partner/user agencies"; to "issue necessary instructions to agencies that undertake creation of databases... (to) enable collation and correlation with UID and its partner databases". The Planning Commission would be the nodal agency and the UIDAI "shall own and operate the database".

Since at least September 2009, concern about the consequences of enrolling and databasing people began to be voiced. At a meeting on 23 November 2009, Mr. Nandan Nilekani said that state governments, who were being approached to act as Registrars, that is those who would collect the data and pass it on to the UIDAI, were asking how they were to respond if queried about the authority under which they would hand over enrolment data to the UIDAI. Then there was the vacuum in law on privacy which no one denied was going to be impacted by a project such as this.

It was at a meeting called by the Planning Commission on 6 May 2010, that Mr. Nilekani conceded that a law would be drafted to govern the project. On 30 June 2010, a draft Bill was uploaded on the UIDAI website, and kept there for 14 days for comments. On 3 December 2010, the National Identification Authority of India Bill 2010 was introduced in the Rajya Sabha with scarcely any changes from the UIDAI's June 30 draft. The finance minister had apparently objected to a clause that would exempt the UIDAI from all taxes and duties, and that was deleted; and the definition of 'resident' was reworked with the Registrar General of India. By

this time, enrolment, the issuing of numbers and databasing had already begun, from 29 September 2010.

The NIAI Bill was referred to the Parliamentary Standing Committee on Finance (SCF) which, after yearlong consideration of the Bill, and necessarily of the project, rejected both- the proposed law and the project itself. 'The Committee', the SCF concluded, "would, thus, urge the Government to reconsider and review the UID scheme as also the proposals contained in the Bill in all its ramifications and bring forth a fresh legislation before Parliament."

In July 2011, when some of us deposed before the SCF, its members were only talking about tweaking the law and seeing how they could help it reach a legally acceptable form. By December 2011, after they had had time to study the project and hear both proponents and detractors, the SCF had had a total reversal of opinion. What was it about the project, and the Bill, that led the SCF to this rejection?

For a start, the SCF was scathing about the UIDAI proceeding with the project when the law was still in the process of being devised; this is "unethical and violative of Parliament's prerogatives", the SCF said.

Then, they were concerned that the UID is for all residents, not only citizens.

The UID scheme, the SCF said, "is riddled with serious lacunae and concern areas". The UID scheme "has been conceptualised with no clarity of purpose .... it is being implemented in a directionless way with a lot of confusion... [It has] failed to take concrete decisions on important issues such as identifying the focused purpose of the resident identity database; methodology of collection of data; ... conferring statutory authority to the UIDAI since its inception ..." Without a law, how would the UIDAI address key issues of security and confidentiality of information, the SCF asked, and how would it initiate proceedings and penalise breaches?

Overlapping of various initiatives, duplication of efforts and lack of coordination raised concerns about cost, and that it was being done in an "overbearing manner without regard to legalities and other social consequences". The committee was also "unhappy", they said, "to observe that the UID scheme lacks clarity on many issues such as even the basic purpose of issuing 'aadhaar' number." And, "although the scheme claims that obtaining aadhaar number is voluntary, an apprehension (has) developed .. that, in future, services/benefits including food entitlements would be denied in case they do not have aadhaar number." The United Kingdom had disbanded its ID cards project for reasons including the huge costs, the complexity, because it is "untested, unreliable and unsafe technology", and the possible risk to the safety and security of citizens. The SCF was impatient about the unwillingness to draw lessons from this, and related, global experience.

Reflecting the concerns that had been brought before the SCF, they were categorical that "considering the huge database size and possibility of misuse of information, the committee are of the view that enactment of national data protection law ... is a prerequisite for any law that deals with large scale collection of information from individuals and its linkages across separate databases. In the absence of data protection legislation, it would be difficult to deal with issues like access and misuse of personal information, surveillance, profiling, linking and matching of databases and securing confidentiality of information, etc."

On 28 September 2010, 17 eminent citizens including Justice VR Krishna Iyer, Prof Romila Thapar, SR Sankaran, Aruna Roy, Justice AP Shah, KG Kannabiran, Bezwada Wilson and Prof Upendra Baxi had released a statement of concern in



which they had spoken of the no-law status of the project, and of the disconcerting fact that no feasibility study had been done before launching the project. The SCF iterated these concerns.

Further, "despite adverse observations by the UIDAI's Biometrics Standards Committee," the SCF said, "the UIDAI is collecting the biometric information .... Considering the possible limitation in applications of technology available now or in the near future, the committee would believe that it is unlikely that the proposed objectives of the UID scheme would be achieved."

This severe report on the proposed law and the project provoked no response from the government. Except for a document from the UIDAI defiantly claiming that all was well with biometrics, there has only been silence. On 31 January 2013, confusion was manifest when ministers in the Union cabinet said that they were unclear about the project, whether it is a number or a card, and what its link was with the National Population Register. This was four years after the project had been set off, and a year and two months after the SCF report.

*(The author is an academic activist. She has researched the UID and its ramifications since 2009)*

**STATEMENT on UID****'A Matter Of Great Concern'**

Eminent personalities express reservations about the UID and demand that "the project should be halted before it goes any further and the prelude to the project be attended to, the public informed and consulted, and the wisdom of the project determined"

V.R. KRISHNA IYER, ROMILA THAPAR, ET AL

The project that proposes to give every resident a 'unique identity number' is a matter of great concern for those working on issues of food security, NREGA, migration, technology, decentralisation, constitutionalism, civil liberties and human rights. The process of setting up the Authority has resulted in very little, if any, discussion about this project and its effects and fallout. The documents on the UIDAI website, and a recent draft law (the National Identification Authority Bill) do not provide answers to the many questions that are being raised in the public domain. This project is intended to collect demographic data about all residents in the country. It is said that it will impact on the PDS and NREGA programmes, and plug leakages and save the government large sums of money. It would, however, seem that even basic procedures have not been followed before launching on such a massive project.

Before it goes any further, we consider it imperative that the following be done:

- Do a feasibility study: There are claims made in relation to the project, about what it can do for PDS and NREGA, for instance, which does not reflect any understanding of the situation on the ground. The project documents do not say what other effects the project may have, including its potential to be intrusive and violative of privacy, who may handle the data (there will be multiple persons involved in entering, maintaining and using the data), who may be able to have access to the data, and similar other questions.
- Do a cost:benefit analysis: It is reported that the UIDAI estimates the project will cost Rs 45,000 crores to the exchequer in the next 4 years. This does not seem to include the costs that will be incurred by Registrars, Enrollers, internal systems costs that the PDs system will have to budget if it is to be able to use the UID, the estimated cost to the end user and to the number holder.
- In a system such as this, a mere statement that the UIDAI will deal with the security of the data is obviously insufficient. How does the UIDAI propose to deal with data theft? If this security cannot be reasonably guaranteed, the wisdom of holding such data in a central registry may need to be reviewed.
- The involvement of firms such as Ernst & Young and Accenture raise further questions about who will have access to the data, and what that means to the people of India.
- Constitutionality of this project, including in the matter of privacy, the relationship between the state and the people, security and other fundamental rights.

Questions have been raised which have not been addressed so far, including those about –

- Undemocratic process: UIDAI was set-up via a GoI notification as an attached office of the Planning Commission without any discussion or debate in the Parliament or civil society. In the year and a half of its inception, the Authority has signed MoUs with virtually all states and UTs, LIC, Petroleum Ministry and many banks. In July, the Authority circulated the draft NIA Bill (to achieve statutory status); the window for public feedback was two weeks. Despite widespread feedback and calls for making all feedback public, the Authority has not made feedback available. Further in direct contravention to the process of public feedback, the NIA Bill was listed for introduction in the Lok Sabha 2010 monsoon session
- Privacy (It is only now that the DoPT is said to be working on a draft of a privacy law, but nothing is out for discussion even yet)
- Surveillance: where this technology, and the existence of the UID number, and its working, could result in increasing the potential for surveillance
- Profiling Tracking
- Convergence, by which those with access to state power, as well as companies, could collate information about each individual with the help of the UID number.

National IDs have been abandoned in the US, Australia and the newly-elected British government. The reasons have predominantly been: costs and privacy. If it is too expensive for the US with a population of 308 million, and the UK with 61 million people, and Australia with 21 million people, it is being asked why India thinks it can prioritise its spending in this direction. In the UK, the Home Secretary explained that they were abandoning the project because it would otherwise be 'intrusive bullying' by the state, and that the government intended to be the 'servant' of the people, and not their 'master'. Is there a lesson in it for us? In the late nineties, the Supreme Court of Philippines struck down the President's Executive Order A.O. 308 which instituted a biometric based national ID system calling it unconstitutional on two grounds – the overreach of the executive over the legislative powers of the congress and invasion of privacy. The same is applicable in India – UIDAI has been constituted on the basis of a GoI notification and there is a fundamental risk to civil liberties with the convergence of UID, NATGRID etc.

The UIDAI is still at the stage of conducting pilot studies. The biometric pilot study has reportedly already thrown up problems especially among the poor whose fingerprints are not stable, and whose iris scans suffer from malnourishment related cataract and among whom the incidence of corneal scars is often found. The project is clearly still in its inception. The project should be halted before it goes any further and the prelude to the project be attended to, the public informed and consulted, and the wisdom of the project determined. The Draft Bill too needs to be publicly debated. This is a project that could change the status of the people in this country, with effects on our security and constitutional rights, and a consideration of all aspects of the project should be undertaken with this in mind.

We, therefore, ask that:

- The project be halted
- A feasibility study be done covering all aspects of this issue
- Experts be tasked with studying its constitutionality
- The law on privacy be urgently worked on (this will affect matters way beyond the UID project)

- A cost : benefit analysis be done
- A public, informed debate be conducted before any such major change be brought in.

*List of signatories:*

Justice VR Krishna Iyer, Retired Judge, Supreme Court of India  
Prof Romila Thapar, Historian  
K.G.Kannabiran, Senior Civil Liberties Lawyer  
Kavita Srivastava, PUCL and Right to Food Campaign  
Aruna Roy, MKKS, Rajasthan  
Nikhil Dey, MKKS, Rajasthan  
S.R.Sankaran, Retired Secretary, Government of India  
Deep Joshi, Independent Consultant  
Upendra Baxi, Jurist and ex-Vice Chancellor of Universities of Surat and Delhi  
Uma Chakravarthi, Historian  
Shohini Ghosh, Teacher and Film Maker  
Amar Kanwar, Film Maker  
Bezwada Wilson, Safai Karamchari Andolan  
Trilochan Sastry, IIMB, and Association for Democratic Reforms  
Prof. Jagdish Chhokar, ex- IIMA, and Association for Democratic Rights  
Shabnam Hashmi, ANHAD  
Justice A.P.Shah, Retired Chief Justice of High Court of Delhi



ANNEXURE P-36**Aadhaar Unmasked ~ Making a business out of government data (19th July 2013)****The Statesman**

19 Jul 2013

*Usha Ramanathan*

Nandan Nilekani was appointed as Chairperson of the UIDAI on 2 July 2009. In an extraordinary gesture, he was simultaneously, and in addition, given the rank of Cabinet Minister. This gave him the status, protocol and privileges of a minister, without having to meet the constitutional requirement that a minister has to be a Member of Parliament: "A Minister who for any period of six consecutive months is not a Member of either House of Parliament shall at the expiration of that period cease to be a Minister," it says in Article 75(5) of the Constitution. In any event, since the Chairperson of the UIDAI is an office of profit, Nandan Nilekani could not have been both the Chairperson and a minister. This device, by which he was given the rank of Cabinet Minister without the constraints of the position, was used to facilitate lateral introduction of corporate leadership into the government.

Then, having been given the dual status of Chairperson and a person with the rank of Cabinet Minister, he was appointed the head of several committees in which capacity he would be able to steer state policy towards the adoption of the UID, while pushing the Prime Minister's agenda of cash transfer and the phasing out of subsidies along with advancing corporate business agenda. The committees included the Task Force on direct transfer of subsidies which produced an interim report in June 2011 on kerosene, LPG and fertilizer, and a final report in October 2011 by which time the Task Force was reporting on an "IT strategy for PDS and an implementable solution for the direct transfer of subsidy for food and kerosene". This was quickly followed up, in February 2012, with the report of a Task Force on "an aadhaar-enabled unified payment infrastructure" for the direct transfer of subsidies on kerosene, LPG and fertiliser, of which Mr Nilekani was the Chair, pushing the agenda of UID ubiquity and revamping the subsidy structure. Then there was the Technology Advisory Group of Unique Projects (TAG-UP) which turned in its report in January 2011; and the IT Strategy for Goods and Services Tax Network which, it seems, has resulted in a company being set up to take control over governmental data and to make a business out of it along the lines of the TAG-UP report. There have been other reports, too, such as the report of the Apex Committee for Electronic Toll Collection Implementation in which RFID and the "unique identification" of vehicles are part of the recommendations, but this does not directly impact the UID or subsidies, even if it could have a bearing on tracking, for instance.

In January 2009, when the UIDAI was set up by executive notification, it was described as "an attached office under the aegis of the Planning Commission." The "initial core team" was to comprise 115 officials and staff, with the officials drawn from Central and State bureaucracies. The Director General and Mission Director, for instance, was to be from the level of the Additional Secretary, Government of India. Nandan Nilekani's appointment in July 2009, and the overlap of project head, cabinet ministerial rank and chair of multiple committees changed the nature, and ambitions, of the enterprise. Yet, even in January 2009, the notification said that the UIDAI "shall own and operate UID database..." This signalled a shift from when the state held data in a fiduciary capacity, and limited to the purposes for which the data was being collected. This was an open claim that data was emerging as the new property.

The National Identification Authority of India Bill 2010 in its draft form, and as



introduced in Parliament in December 2010, gave the first indications of the structure intended for the UIDAI. It bears a remarkable resemblance to what was the being worked into the TAG-UP report. After its rejection by the Parliamentary Standing Committee on Finance in December 2011, however, the NIAI Bill went into deep freeze.

There had been no enthusiasm for a statutory framework anyway, and once the Standing Committee sent the Bill back to the drawing board, it just vanished from the agenda.

In the meantime, in January 2011, the TAG-UP Committee chaired by Nandan Nilekani gave its report. It described a framework for the handing over of data that is with the government to private companies set up for that purpose. This is no longer a hypothetical model. In the 2012 budget, Mr Pranab Mukherjee announced that the "GSTN (Goods and Sales Tax Network) will be set up as a National Information Utility", and it seems it has already been established in March this year, with no public discussion or disclosure, and with private banks and insurance companies as shareholders.

The entities to be created are called 'National Information Utilities' (NIU). NIUs will be a "class of institutions" that will be "private companies with a public purpose: profit-making, but not profit maximizing."

Government projects involve two major tasks at the top: policy making and implementation. Government should make policy, but leave implementation to NIUs. NIUs should have at least 51% private ownership, and government at least 26%. The advisory group had been tasked to deal specifically with five areas in the customs and tax arenas, but the report expands the reach of the report "also (to) other projects that may be launched in the future". Repeatedly, the report draws on the UIDAI as the model to be followed, and the elements of an NIU have been derived from how the UIDAI is structured. The UIDAI to be formally designated as an NIU is merely a half step away.

The congruence of the UIDAI and the NIU is further in evidence. NIUs, the report says, are "essentially set up as natural monopolies". And then, in a salute to the free market vocabulary of choice, it says, that "as a paying customer, the government would be free to take its business to another NIU, if necessary", although 'natural monopolies' that have governmental data as their property are less than unlikely to have competitors.

As with the UIDAI, "the project should be rolled out as soon as possible, and iterated rapidly, rather than waiting to roll out a perfect system". And, in a statement that should have produced a great deal of public debate but which has so far met with a stodgy silence: "Once the rollout is completed, the government's role shifts largely to that of a customer." And: "On the one hand, governments by virtue of their shareholding are owners. On the other hand, the same governments are customers."

To ensure a buy in into the project, officers from the bureaucracy are to work on deputation and be paid an additional 30% as 'IT professional allowance'. Again, as with the UIDAI, the government is to provide what it takes - in funds, buildings, credibility and coercive power and what the UIDAI notification mentions as 'logistics' and 'planning'-- for the project to reach 'steady state', after which it will become an NIU and take off as a business venture -- dealing with data as property, and with the government as its primary customer.

*(The author is an academic activist. She has researched the UID and its ramifications since 2009)*

ANNEXURE P-37Aadhaar Unmasked ~ What is the cost? And who benefits?  
(21st July 2013)

The Statesman

21 Jul 2013



*Why have the Government and Nandan Nilekani's UIDAI shied away from a proper cost-benefit analysis of the Aadhaar project? Why is a powerful lobby hard at work to obfuscate inconvenient facts? After all, public money is at stake.*  
~ Usha Ramanathan

There was no feasibility study and no cost-benefit analysis that preceded the launch of the UID project.

In August 2010, a year and a half after the project was set up, there was a question in the Lok Sabha: "whether any pre-feasibility study or cost benefit analysis was done before the notification for creation of UIDAI was issued on 28-01-2009; if so, the details thereof." Mr Narayanaswamy, in his capacity as Minister of Planning, responded, on 18 August 2010: "An Empowered Group of Ministers which was constituted in December 2006 .... decided that a Unique Identification Authority of India be constituted under the Planning Commission and be made responsible for implementing the project which would aim at better targeting of welfare services, improving efficiency of the services and better governance. The benefits accruing out of the project should far outweigh the cost of the project."

That was it.

In September 2010, a "statement of concern" signed by Justice VR Krishna Iyer, Romila Thapar, Justice AP Shah, SR Sankaran, Aruna Roy and 12 others expressed reservations about the project proceeding without either a feasibility study or a cost-benefit analysis. "Before it (the project) goes any further," they said, "we consider it imperative that the following be done - Do a feasibility study:

There are claims made in relation to the project, about what it can do for PDS and NREGA, for instance, which does not reflect any understanding of the situation on the ground. The project documents do not say what other effects the project may have, including its potential to be intrusive and violative of privacy, who may handle the data (there will be multiple persons involved in entering, maintaining and using the data), who may be able to have access to the data and similar other questions." And: "Do a cost-benefit analysis:..."

In an interview in April 2010, Mr Nandan Nilekani was saying: "I think the savings will be fairly substantial. I can't put a number around it but it will be substantial." In later interviews, when the challenge to the project was more audible, he was saying: "Now every year India spends 3000 crores on entitlements and subsidies

(which) will keep going up in future. And if you can bring in using aadhaar numbers, you make sure that you eliminate ghosts and duplicate numbers among beneficiaries."

These were aspirational and hypothetical. No formal figure emerged from any deliberations. Perceptions of inefficiencies in governmental functioning, leakages in service delivery, and endemic corruption offered a credible basis for assertions that the UID would clean up the system; but these were untested and unqualified assertions. As for surveillance, Mr Nilekani would only say, "no comment".

When the Standing Committee on Finance, in its report rejecting the National Identification Authority of India Bill, commented adversely on there not having been a cost-benefit analysis of the project, that became difficult to ignore.

It was November 2012 when a paper emerged from the National Institute of Public Finance and Policy on "A cost-benefit analysis of aadhaar". The paper did an "estimate of benefits" in PDS, NREGA, education, fertiliser subsidy, LPG subsidy, Indira Awas Yojana, scholarships, pensions and Janani Suraksha Yojana, ASHA and ICDS. The paper, which was characterised as a 'study', was then 'presented' to the Deputy Chairperson of the Planning Commission. It was hosted on the Planning Commission website. It was widely reported, as the PIB release said, that "after taking into account all the costs, and making modest assumptions about leakages, the study finds that the aadhaar project would yield an internal rate of return of 52.85 percent to the government." A remarkable figure, that. Except...

In February 2013, Reetika Khera, an economist who works on the PDS and NREGA and who has been challenging the claims of the UIDAI on what its project will achieve in cleaning up the system, published a critique of the NIPFP paper in the Economic and Political Weekly (EPW). In March, the EPW carried a response from the authors of the paper, who had remained unnamed so far, and Reetika Khera's counter.

The problem with the 'study' is that it is based on no, or outdated, data. It falls back on assumptions.

The NIPFP authors do not deny this, claiming that they have been "elaborately careful in pointing out its limitations", which includes not having adequate data. It also does not consider alternative technologies that "could achieve same or similar savings, possibly at lower cost", to quote Khera. But, the authors protest, "the primary objective of the study: its central question was to ask whether the expected benefits of aadhaar outweighed its total expected costs", so they did not concern themselves with considering alternative means of problem solving, even the ones that are already in place in states such as Chhattisgarh and Tamil Nadu! In addition, of course, the biometrics reports were out by then, and the implications of biometrics that may not authenticate, one-time passwords, re-enrolment of biometrics and the range of problems in the last mile are not anywhere in the paper.

And, since this is about cost and benefit, it does not take within its ambit matters relating to surveillance, tracking, convergence, tagging, violations of privacy and matters of personal safety and of identity fraud.

There is a further charge that is placed at the door of the authors of this paper - conflict of interest, and non-disclosure of the relationship of the group of authors with the UIDAI. There is a "NIPFP-UIDAI programme on financial inclusion", revealing collaborative activity between the two institutions.

Non-disclosure of this relationship is explained away by the authors as something that "should preferably have been made in the study itself. "At the same time," they say, "the group's affiliations are public knowledge on its website."



What may these affiliations be, apart from the UIDAI- Macro/finance group working together? The Chairperson of the NIPFP is Dr C.Rangarajan, who is the Chair of the Prime Minister's Economic Advisory Council. The Governing Body has a representative of the Planning Commission, and a representative of the NCAER and that is officially termed a 'collaborative institution'. The UIDAI is located in the Planning Commission, and the Prime Minister and the Deputy Chairperson of the Planning Commission are its strongest proponents. The Chairperson of NCAER is Mr Nandan Nilekani.

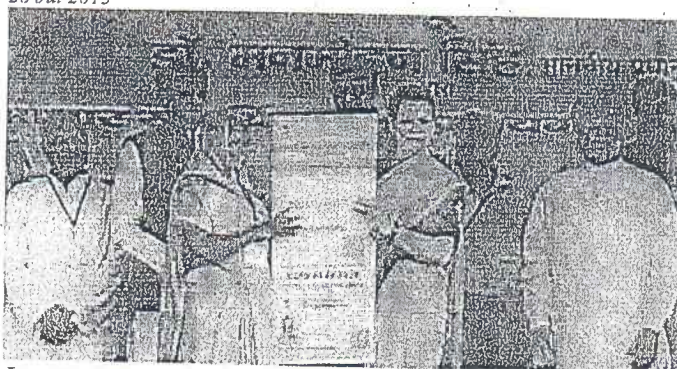
The NIPFP paper is being projected as an authoritative study, and the press has been given the figure of over 50 per cent savings as if it were a fact. One of its authors, writing in a national daily, even said, in December 2012: "When these estimates are put together into a formal cost-benefit analysis, they demonstrate that the internal rate of return on building UIDAI is around 50 per cent in real terms," a position of certainty from which the authors quickly backtracked when challenged. Mr Nilekani, in his talk at the Centre for Global Development in Washington in April this year, told his audience:

"There's a study, by the way, by NIPFP, which is an independent study on what is the return on this investment." This may, mildly stated, be called a misrepresentation. There is still no study on the implications of the project for the citizen/resident, nor any cost benefit analysis.

*(The author is an academic activist. She has researched the UID and its ramifications since 2009)*

**ANNEXURE P-38****Aadhaar Unmasked ~ Card or number? Crow or cuckoo?**  
(26th July 2013)**The Statesman**

26 Jul 2013



*It was done quickly. It was executed quietly. And it accomplished the positive coalition of stakeholders that it sought. But how transparent was the Unique Identification project about its objectives and its shortcomings? The Aadhaar juggernaut has rolled on, drawing into its net the central and state governments, banks, oil companies and schools, without effectively being put under the scanner. ~ Usha Ramanathan*

Four years into the UID project, on 31 January 2013, Ministers in the Central Cabinet were asking, what is the UID? A card? A number? Or both?

There has been much perplexed questioning in these four years. Is the UID project about identity or identification? Is it about control and tracking or transparency? Is it about information or data? Is it a unique identity (UID) or a "Know Your Customer" (KYC)? Is the UID voluntary or mandatory? Is the information collected kept on a government database or with private companies? Is the UIDAI part of the state, or an entity that transits through the Planning Commission to become a private company when it reaches "steady state"? Is the UIDAI a back office for the National Population Register (NPR), or is it a competitor in the race to enrol? Is the UID part of a surveillance apparatus, or is it only to deliver entitlements? Is biometrics unimpeachable or this an experiment? Is it a game changer or an app? Is it a crow or a cuckoo?

Despite the opacity of the project, its encounter with Parliament being disastrous, and many questions being raised about it, the project has surged ahead. How did that happen?

Mr Nandan Nilekani answered that in his April talk at the Centre for Global Development in Washington. "Our view was that there was bound to be opposition," he said. "That is a given. So, how do we address that? One was, do it quickly... Second was, do it quietly ... Third was, we said in any case there is going to be a coalition of opponents. So is there a way to create a positive coalition of people who have a stake in its success? So, one of the big things here is that there is a huge coalition of, you know, organisations, governments, banks, companies, others who have a stake now in its future. So, create a positive coalition that has the power to overpower or deal with anyone who opposes it."

Quickly. It was announced very early in the project that the numbers would begin to roll out between August 2010 and February 2011. Enrolment actually began on 29 September 2010, well within target. This was a demonstration of efficiency which was to show up the difference between the UID project and any other such



task undertaken by the government. The problem, of course, was that this haste left no time for field testing, or to verify the feasibility of the project or its details. Details such as, biometrics as unique identifiers across the swathe of population and across time; introducers who do not know the persons they are introducing to the system but who are "approved introducers" because they are known to the Registrar; "biometric exceptions", that is persons for whom neither fingerprints nor iris work to enrol or to authenticate; the errors that rampant outsourcing was introducing into the system; the leakage that One Time Passwords has made likely, and the faked and spoofed fingerprint and the ease of identity fraud.

These were still in the realm of the little known or unknown, but decisions to adopt biometrics had been made even before the experiment was to begin. Haste has meant that an untested system has been imposed on an entire population, and whether it will work or not will be known after a passage of time. The problem is compounded by the fervour with which the UIDAI, and Mr Nilekani, have been working to have the number seeded in all databases, and to have systems re-engineered to accommodate the UID.

Quietly. There has, in fact, been no public debate on the project. The government has not spoken except to make the UID mandatory. Mr Nilekani and his team have been hard selling the UID to individuals and institutions, so that their adoption of the UID number would push up enrolment. The quiet on the consequences of the project is especially deafening, and no amount of questioning has produced more than a sullen silence. That explains why Aruna Roy has been speaking out against the project as being disrespectful of the poor and imposing on them a project about which they have been told nothing, the implications of which are unknown to them, and where they have been informed - after being initially told that this is an inclusive project - that they will lose their entitlements if they do not enrol and get themselves a number.

The silence has been used effectively in the non-provision of information. When information was requested on the "full name, address and websites of the foreign companies which are of US and non-US origin or control", there was something brazen about the response that "there are no means to verify whether the said companies/organisations are of US origin or not". These companies were Sagem Morpho, LI Identity Solutions and Accenture Services - with close ties with foreign intelligence agencies such as the CIA and Homeland Security! RTI activist Rakesh Dubbudu asked for the Detailed Project Report which Ernst and Young produced for the UIDAI, but it was denied to him, citing breach of privilege of Parliament as the reason - presumably because the UIDAI had made it part of its submissions to the Standing Committee of Finance. When the contracts with companies that are holding our data were asked to be disclosed, commercial and competitive interest was cited while refusing to give information.

Creating a positive coalition to overwhelm opposition: state governments, central ministries and departments, banks, oil companies, the medical establishment, schools ... the list continues to grow of those who are being encouraged to demand the UID as a prerequisite to services. On 29 June, Mr Nilekani reportedly said in a speech at the IIM Bangalore that they were in preliminary discussions with embassies to use the UID number to "simplify visa application procedures". The passport, it would seem, is not sovereign document enough! Is anyone in government listening?

In May 2010, a team of corporate heads including the leadership from Chlorophyl, Pidilite, Future Brands, and Procter and Gamble with a few others put together a document for the UIDAI titled "Aadhaar: Communicating to a Billion". The UID was a product to be branded and sold, and the group's prescription was to "create a simple uncomplicated construct that is not open to multiple interpretations". The message of basic data + biometrics producing an identity was

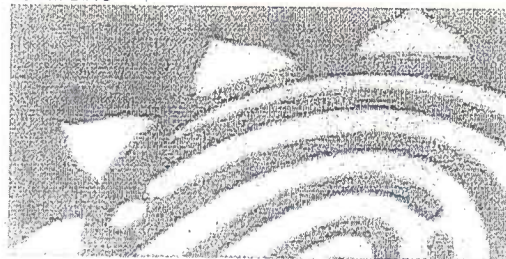
indeed simple. When it did not generate the enthusiasm that the UIDAI had perhaps hoped it would, mandatory enrolment did the trick. Alongside, by dwelling on the corruption and leakages that are commonly perceived problems in service delivery, and the 'last mile' being somewhat intractable, the UID has been promoted as the wand that will wish all this away. At the Centre for Global Development, in April, Mr Nilekani fed the audience a wild fantasy: "Today, we have reached a point where large intractable social problems - not all problems but many of them - can be solved using what we have." May be it was hyperbole; just may be.

Mr Nilekani says to "think of this (the UID) as an app that answers the question 'who am I?' and then you can build all kinds of applications on it." This is how the business model is being currently marketed.

*The author is an academic activist. She has researched the UID and its ramifications since 2009*

**ANNEXURE P-39****Aadhaar Unmasked ~ In the name of the poor (28th July 2013)****The Statesman**

28 Jul 2013



*What's in a name? What's in an identity? And how is one's address relevant? Enrolment under the UID project has skirted critical issues to create a monster that excludes rather than includes, distorts rather than identifies human beings. And it is all being done in the name of India's poorest citizens. ~ Usha Ramanathan*

In the beginning, and for some time thereafter, the UID project based its claims of legitimacy on the 'inclusion' of the poor. In marketing the project, phrases such as giving identity to those without an identity, being "recognised in the eyes of the government"; the "lack of identity" as "especially detrimental (to) the poor and the underprivileged", and the people who live in India's "social, political and economic periphery" have been used liberally.

The movement away from the promise of inclusion to the threat of exclusion if a person is not enrolled for a UID came later, beginning tentatively in 2011 but becoming aggressive and vocal in 2012. It was January 2013 before the poor were led into panic when UID-linked bank accounts were made mandatory for receiving entitlements by cash transfer into banks. Many of them had IDs that recognised their entitlements, for instance ration cards, NREGA job cards, voter ID, post office accounts - but they were now being told that they could not reach their entitlements if they did not have a UID number.

Enrolling the undefined class of the unidentified poor is a complicated exercise. The N.Vittal headed Demographic Standards Committee recognised this, and suggested an approach where "approved introducers" could introduce a person to the system and "vouch for the validity of residents' information." This idea was borrowed from the account opening procedure in banks; with a significant departure. An introducer must have a UID number; must be easily accessible to the resident; must be above the age of 18 and must not have a criminal record. NGOs were encouraged to act as introducers. But, while an introducer needs to be "approved" by the Registrar, there is no requirement that the introducer must know the person to be enrolled. This might have seemed a pragmatic resolution of the issue of enrolment of the poor and those without identity, but it was bound to raise its own set of problems.

A case in point is the well-documented instance of the homeless in Delhi. In January 2011, I visited the Pul Mithai enrolment centre to understand how the poor were being enrolled. Under the Delhi Government's 'Mission Convergence' in which the government and NGOs share a platform for policy-making and implementation, a survey of the homeless had been carried out using the benignant though inexperienced services of an informal roster of young persons. At that point in the exercise, which had covered about 80,000 people, a "provisional ID card under Homeless Survey" carried the name, gender, age and a photograph along with an ID number which ran like this: 10HP 58/1G. 3042397. 'HP' stood for



'homeless people' and IG for the place where they had been surveyed as sited on the Eicher map. IG was Mori gate, IB was Yamuna Bazaar and so on. On the reverse were a series of caveats and explanations, including this: "This ID card has been issued on the basis of self-reported information by the cardholder." The UID enrolment was done on the basis of this card.

The actual enrolment was a parody. The names were not complicated, but there were some discrepancies; for instance, where a card recorded a woman as Pooja Devi, she insisted that she was just Pooja. Gender was the easy part. Age was less certain. It often went by approximations and in some cases, the age recorded in the survey was plainly in error - a lady whose daughter had married recently couldn't be 26! We did a 'panchayat' to help her arrive at her age.

The columns for the name of the father, and of the mother were left blank. The young lads doing the enrolment explained: "Yeh log NGO ke hain" or these people belong to the NGO, a new version of mai-baap. Where fingerprints did not work, and iris did, the system 'accepted' the fingerprints after the fourth try - in what is called 'forced capture'. Those enrolled had no idea of the consequences. The address posed a problem. What is the address of a homeless person? The street where they are when surveyed? A pavement they occupy until a 'clean-up drive' chases them away?

On the UID form, another option was used. The homeless were given the address of an NGO that out of benevolence was willing to lend its name. Except the NGOs are in places in South Delhi while Pul Mithai is near Old Delhi railway station and the address for delivering the UID letter, and for the UID linked bank account, would be that of the NGO. The two "introducers" at the enrolment centre were young and motivated but had no idea where those they were helping to enrol could be reached.

So, many UID letters stayed undelivered - where the name and photograph did not help locate persons; or where, as in Geeta Colony, there was a 'clean up' drive between the enrolment and the UID letter reaching the NGO; or in Nizamuddin, where labourers engaged on works for the Commonwealth Games had moved to another site and could not be traced. Later, the Homeless Resources Centre became the address. But the problems are generic and won't vanish; and the HRCs are linked to projects with a limited shelf life after which they may cease to exist, or may morph into an altered entity.

This may have "enrolled" the homeless, but not in ways that gets them into an identity system that will help them.

Those in poverty live in a twilight zone of (il)legality. To them, an identity document is an especially valued possession. That is one reason that the voter ID was so sought after although not having a voter ID was no disqualification for voting; one among a plethora of ID documents would serve for the purposes of voting. The casualness with which the identity of the poor is being trifled with by the UID, and piggybacking on the poor in carrying on an experiment is, to use a euphemism, less than fair.

#### NILEKANI'S ELLIS ISLAND

The dependence on an introducer who doesn't know the person being enrolled holds the potential to actually distort identity. At his World Bank talk in April 2013, Mr. Nandan Nilekani gave a description that has the virtue of simplicity but not quite of accuracy. An introducer, he said, "will say 'I know this person, he's Ram Singh approximately born in 1977, so, we give a date of birth. He has a home, he has a home; otherwise, if he is a homeless person, we'll give him an address c/o Homeless Shelter or whatever. Basically, then, the introducer stands as some sort of

guarantee in some sense for that person. Then that person's data is entered, and he gets an ID. So, that's how these people get into the system... Remember, fundamentally you get only one ID in the system. So the ID that you give at the time of your enrolment is your name in this system for the rest of your life...which is why I refer to this as a 21st-century Ellis Island...what happened at Ellis Island, let's say in the 19th century or Nova Scotia in Canada in the 19th century?

"You had all the boatloads of people coming from Europe, Eastern Europe, Croatia, Poland, wherever, Ireland, Italy, all that. And they would land at Ellis Island and they would have very complicated names. And the immigration officer would say, ah, no, I think from now on you be Sam David. And, from that day onwards, in the New World, he would be Sam David, no matter what his name was in the Old World. So, we do the same thing, you know. This person was out of the system, except physically he is in the same place, but virtually he is outside. He comes in and gets a name and that's his name in our system for the rest of his life. So think of it as a 21st-century version of the Ellis Island."

*The author is an academic activist. She has been researching the UID and its ramifications since 2009.*



## 15 illegal Bangladeshi migrants held, one with Aadhaar card

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MUMBAI: Continuing with its crackdown on illegal Bangladeshi migrants, the Mumbai police arrested 15 persons last week, one of them possessing an Aadhaar card, a PAN card and a driving licence.

The aim behind introducing the Aadhaar cards, issued by the Unique Identification Authority of India (UIDAI), was to prepare a national database of citizens to improve national security.

Following the seeming lapse, the police have written to the authorities concerned suggest-

ing measures to prevent the illegal entry of people.

Sanjay Shintre, deputy commissioner of police, special branch I, said: "We are checking if the accused managed to get the Aadhaar card by submitting fake documents, or if the card is fake. We will write to the UIDAI suggesting measures for higher level of scrutiny before issuing the card."

While eight persons were arrested from a hotel at P D'Mello Road in south Mumbai, seven were arrested from a hotel in Navi Mumbai. Those arrested from PD'Mello Road include two Indian contractors

who employ illegal immigrants.

An officer requesting anonymity said that most immigrants enter India through the Indo-Bangladesh border, in search of a better lifestyle.

After entering the cities, they seek employment at construction sites and later try getting a fake document made, using which they acquire other documents.

The accused have been arrested under the Indian Passport Act and the Indian Citizenship Act. The special branch had arrested 1,609 illegal Bangladeshi immigrants last year.